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LISTING STATEMENT NO. 2464.

LISTED SEPTEMBER 2, 1970.
18,819,118 Common Shares with 50¢ par value of which
1,578,856 shares are subject to issuance and
207,650 shares are held in the Company's
Treasury.
Stock Symbol "EYT".
Post Section 10.

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THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

EATON YALE & TOWNE INC.

Incorporated under the laws of the State of Ohio, U.S.A., on August 28, 1916
COMMON SHARES WITH A PAR VALUE OF FIFTY CENTS (50¢) EACH
(Transferable in Toronto, Ontario; Cleveland, Ohio; and New York, New York)

CAPITALIZATION AS AT JUNE 30, 1970

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common Shares with 50¢ par value each	40,000,000	17,032,612	18,819,118 (1)
4¾ % Cumulative Convertible Preferred Shares with \$25 par value each	600,000	217,752	NIL
Serial Preferred Shares, without par value	5,000,000	774,198	NIL
FUNDED DEBT			
4¾ % Debentures due 1988	\$25,000,000	\$22,487,000	NIL
5½ % Debentures due 1992	\$40,000,000	\$40,000,000	NIL

(1) Including 207,650 Comon Shares with 50¢ par value each held in the Company's treasury, 586,906 Com-
mon Shares with 50¢ par value each reserved for issuance under the Company's stock option plans, and
991,950 Common Shares with 50¢ par value each reserved for conversion of the Company's Preferred
Shares.

NOTE: Unless otherwise noted all dollars referred to herein are U.S. dollars.

August 31, 1970

1. APPLICATION

EATON YALE & TOWNE INC. (hereinafter called the "Company") hereby makes application for the
listing on The Toronto Stock Exchange of 18,819,118 Common Shares with Fifty Cents (50¢) par value each
of its capital stock of which 17,032,612 Common Shares have been issued and are outstanding as fully paid and
non-assessable as of June 30, 1970. The remaining Common Shares of the Company included in this applica-
tion have been set aside or reserved as follows:

For issue upon conversion of outstanding 4¾ % Cumulative Convertible Preferred Shares	217,752
For issue upon conversion of outstanding \$2.30 Serial Preferred Shares, Series A	774,198
For issue under the Company's Qualified Stock Option Plan, Restricted Stock Option Plan, 1963 Y-T Restricted Stock Option Plan and the EYT-Fawick Qualified Stock Option Plan	586,906
Held in the Company's Treasury	207,650

In addition, an aggregate of 600,000 Common Shares have been set aside or reserved for issue under the
Company's 1970 Qualified Stock Option Plan and 1970 Supplemental Stock Option Plan, but such 600,000
Common Shares are not included in this listing application.

2.

HISTORY

The Company was incorporated in 1916 as The Torbensen Axle Company, and during the 1920s and 1930s the Company acquired several automotive and general parts manufacturers, producing leaf and coil springs, heaters, gasoline tank caps, engine valves, tappets, valve seat inserts, fasteners, and permanent mold castings. The following domestic businesses were acquired by the Company since 1940 and each is now operated as a division:

<u>Date Acquired</u>	<u>Name of Company</u>	<u>Products</u>
1946	Dynatomic Corporation Kenosha, Wisconsin	Variable Speed Drives and Electronic Controls
1956	Automotive Gear Works, Inc. Richmond, Indiana	Gears
1958	Fuller Manufacturing Company (and its subsidiary Shuler Axle Co. and division Unit Drop Forge) Kalamazoo, Michigan	Truck transmissions, trailer axles and forgings
1959	Cleveland Worm & Gear Co. (and Farval division) Cleveland, Ohio	Worm gears and lubricating systems
1961	Dill Manufacturing Company Cleveland, Ohio	Tire valves
1963	Dole Valve Company Morton Grove, Illinois	Controls
1963	The Yale & Towne Manufacturing Co.	Locks, hardware, lift trucks, materials handling equipment
1967	Automated Handling Systems, Inc. Washington, D.C.	Materials handling systems
1968	Fawick Corporation Cleveland, Ohio	Power transmissions, hydraulic valves, rubber golf grips
1968	American Monorail Company Cleveland, Ohio	Overhead conveyors
1969	Tinnerman Products, Inc. Cleveland, Ohio	Fasteners
1969	McQuay-Norris Manufacturing Co. St. Louis, Missouri	Automotive parts
1969	Troy Tool Products Company, Inc. Pinebrook, New Jersey	Miniature connectors

3.

NATURE OF BUSINESS

The Company is primarily engaged in the manufacturing business. Its products include:

Sodium cooled engine valves, poppet valves, free valves, tappets, hydraulic valve lifters, valve seat inserts, permanent mold castings, motor truck axles and transmissions, gears, pistons, piston rings, spring lock washers, snap rings, cold drawn steel, spring steel and plastic fasteners, miniature connectors, heater-defroster and air conditioning units, stampings, leaf and coil springs, eddy-current couplings, drives, brakes and dynamometers, magnetic friction clutches and brakes, tire valves, pressure gauges and related products, automotive, plumbing and heating, and appliance controls, beverage dispensers, materials handling equipment, locks, mechanized equipment, hardware, golf club and tennis grips, hoists, lift trucks, rubber tired loaders, and timber handling machinery.

The products are used in the manufacture of automobiles, trucks, tractors, airplanes, engines, domestic appliances, machine tools, farm machinery and construction equipment; also by railroads and public utilities communications systems. The Company designs and engineers specialized automated materials handling systems.

The Company employs 44,194 persons.

4.

INCORPORATION AND CHANGES IN CAPITALIZATION

The Company was incorporated under the laws of the State of Ohio, U.S.A., with the name The Torbensen Axle Company, on August 28, 1916. By amendments to the Articles of Incorporation the name of the Company was changed on May 18, 1923, to The Eaton Axle & Spring Company; on March 23, 1932, to Eaton Manufacturing Company; and on December 31, 1965, to Eaton Yale & Towne Inc.

The original Articles of Incorporation were subsequently amended by filing in the Office of the Secretary of State of the State of Ohio on:

February 13, 1917	Certificate of Amendment of Articles of Incorporation
April 7, 1922	Certificate of Reorganization
May 18, 1923	Amendment of Articles of Incorporation
April 21, 1928	Certificate of Amendment to Articles
April 3, 1930	Amended Articles of Incorporation
March 23, 1932	Amended Articles of Incorporation
October 10, 1936	Amended Articles of Incorporation
November 30, 1948	Amended Articles of Incorporation
August 23, 1958	Amended Articles of Incorporation
September 30, 1959	Amended Articles of Incorporation
October 31, 1963	Amended Articles of Incorporation
December 31, 1965	Amended Articles of Incorporation
July 15, 1966	Amended Articles of Incorporation
April 30, 1968	Amended Articles of Incorporation
November 7, 1968	Amendments to the Amended Articles of Incorporation
April 30, 1969	Amended Articles of Incorporation

CAPITALIZATION

August 28, 1916	Originally authorized 10,000 Preferred Shares with \$100.00 par value each and 7,500 Common Shares with \$100.00 par value each
April 7, 1922	Reorganization resulted in 100,000 Common Shares, no par value authorized
May 18, 1923	Increased to 250,000 Common Shares, no par value
April 21, 1928	Increased to 300,000 Common Shares, no par value
April 3, 1930	Increased to 1,000,000 Common Shares, no par value
October 10, 1936	Changed to 1,000,000 shares of \$4.00 par value each
November 30, 1948	Changed to 2,000,000 shares of \$2.00 par value each and increased authorized number to 2,500,000
August 23, 1958	Increased to 3,000,000 shares of \$2.00 par value each
September 30, 1959	Changed to 6,000,000 shares of \$1.00 par value each and increased authorized number to 10,000,000
October 31, 1963	Increased to 10,600,000 shares—10,000,000 Common of \$1.00 par value each and 600,000 4¾ % Cumulative Convertible Preferred of \$25.00 par value each
July 15, 1966	Changed 10,000,000 Common Shares of \$1.00 par value each into 20,000,000 Common Shares of 50¢ par value each. Authorized number of 4¾ % Cumulative Convertible Preferred remained at 600,000
April 30, 1968	Increased number of authorized Common Shares to 40,000,000 of 50¢ par value each and authorized 5,000,000 Serial Preferred Shares no par value. Authorized number of 4¾ % Cumulative Convertible Preferred remained at 600,000

5. SHARES ISSUED DURING PAST TEN YEARS
AS OF JUNE 30, 1970

4¾ % Cumulative Convertible Preferred Shares

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Purpose of Issue</u>
October 31, 1963	571,677	As part consideration for the assets of The Yale & Towne Manufacturing Company

\$2.30 Serial Preferred Shares, Series A

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Purpose of Issue</u>
January 31, 1969	774,200	In exchange for all of the outstanding Common Shares of Tinnerman Products, Inc.

Common Shares with a par value of 50¢ each

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Purpose of Issue</u>
June 1, 1961	400,000*	In exchange for all of the assets of The Dill Manufacturing Company
February 28, 1963	850,000*	In exchange for assets of The Dole Valve Company
November 30, 1963	3,430,060*	As part consideration for the assets of The Yale & Towne Manufacturing Company
November 30, 1967	25,000	In exchange for all of the capital stock of Conveyor Dynamics, Inc.
March 31, 1968	1,316,751	In exchange for all of the outstanding shares of Fawick Corporation
October 31, 1969	570,775	In exchange for all of the outstanding shares of McQuay-Norris Manufacturing Co.
December 30, 1969	24,762	In exchange for the assets of Troy Tool Products Company, Inc.

*Adjusted to reflect the 1966 2-for-1 stock split

Since October 31, 1963, 353,925 Common Shares with a par value of 50¢ each have been issued resulting from the conversion of the Company's 4¾ % Cumulative Convertible Preferred Shares.

Since January 31, 1969, 2 Common Shares with a par value of 50¢ each have been issued resulting from the conversion of the Company's \$2.30 Serial Preferred Shares, Series A.

6. STOCK OPTIONS

<u>Year</u>	<u>No. of Shares Exercised (Sold) *</u>	<u>Range of Option Price*</u>	<u>Total Amount Realized</u>
1960	36,772	\$10.645 to \$18.38	\$ 391,438.00
1961	51,284	10.645 to 18.38	550,607.00
1962	47,276	10.645 to 18.38	511,604.72
1963	56,472	10.645 to 18.38	626,045.08
1964	102,204	10.645 to 18.38	1,376,873.93
1965	85,914	10.645 to 18.38	1,278,684.43
1966	68,634	10.645 to 18.38	1,048,601.42
1967	65,594	10.645 to 25.875	1,128,564.19
1968	81,402	10.645 to 25.875	1,367,386.48
1969	95,584	10.72 to 32.75	1,858,921.32
To June 30, 1970	26,462	10.72 to 32.75	607,063.64

*Reflects 2-for-1 split of Common Shares in 1966.

7. STOCK PROVISIONS AND VOTING POWERS

Common Shares, Par Value of 50¢ Each

The holders of the Company's Common Shares are entitled to such dividends as may be declared from time to time by the Company's Board of Directors, out of funds legally available for dividends. The right of holders of the Company's Common Shares to receive dividends is qualified by the provisions in the indentures set forth below, by rights of the holders of 4¾ % Preferred Shares, and by rights of the holders of \$2.30 Serial Preferred Shares, Series A.

After satisfaction of the prior rights of the holders of the 4¾ % Preferred Shares and of the holders of the \$2.30 Serial Preferred Shares, Series A, the holders of the Company's Common Shares are entitled to share ratably in all assets of the Company available for distribution to shareholders in the event of liquidation, dissolution or winding up of the Company. When legally issued, the Common Shares of the Company are not liable to calls or assessments. Holders of the Company's Common Shares are entitled to one vote for each share held, subject to the provisions in the Ohio General Corporation Law for cumulative voting in election of directors. Holders of Common Shares have no pre-emptive rights.

4¾ % Cumulative Convertible Preferred Shares

The holders of the 4¾ % Preferred Shares are entitled to receive, out of funds lawfully available for dividends if and when declared by the Board of Directors and before any dividends, other than in the form of junior shares, or other distribution shall be declared, paid, ordered or made in respect of any other shares of the Company, preferential cash dividends at the fixed rate of \$1.1875 per share per annum and no more, payable quarterly on the 25th day of February, May, August and November in each year. Dividends on each 4¾ % Preferred Share accrue and are cumulative from the 25th day of February, May, August or November, whichever is closest to, but before, the date of issue of the share. The 4¾ % Preferred Shares issued in connection with acquisition of the assets of the Yale & Towne Manufacturing Company are not subject to any dividend restrictions under the terms of the Indenture dated as of July 15, 1963, under which the Company's 4¾ % Debentures due 1988 were issued. The 4¾ % Preferred Shares outstanding on March 15, 1967, are not subject to any dividend restrictions under the terms of the Indenture dated as of March 15, 1967, under which the Company's 5½ % Debentures due 1992 were issued.

The holders of 4¾ % Preferred Shares are entitled to one vote for each share for the election of directors and for all other purposes except that, if dividends are in arrears as described below, holders of 4¾ % Preferred Shares voting as a class to elect two directors, as set forth in the next paragraph, are not entitled to participate with the holders of Common Shares in the election of other directors, and except that voting at any meeting for the election of directors may be required to be cumulative under the provisions of the Ohio General Corporation Law relating to cumulative voting in election of directors.

If dividends on the 4¾ % Preferred Shares are in arrears in an aggregate amount at least equal to six quarterly dividends, the holders of 4¾ % Preferred Shares voting as a class are entitled to elect two additional directors until all arrears have been paid and the preferred dividends for the then current dividend period have been paid or set apart. Consent of the holders of at least two-thirds of the 4¾ % Preferred Shares is necessary to authorize or increase the authorized number of shares of any class having preference over the 4¾ % Preferred Shares as to dividends or assets, or to alter, change, or repeal the express terms of the 4¾ % Preferred Shares; and consent of the holders of at least a majority of the 4¾ % Preferred Shares is necessary to increase the authorized number of 4¾ % Preferred Shares, or to authorize or increase the authorized number of shares of any class on a parity with the 4¾ % Preferred Shares.

In any liquidation, dissolution, or winding up of the Company or any reduction of its capital, resulting in any distribution of assets to shareholders, the holders of the 4¾ % Preferred Shares are entitled to receive the par value of said 4¾ % Preferred Shares, plus all dividends accrued or in arrears thereon, whether or not earned, before any distribution of assets is made to the holders of any other class of shares.

The Company may at its option on 30 days' notice, redeem all or any part of the 4¾ % Preferred Shares at \$25.50 per share to and including August 31, 1970, at \$25.25 per share from September 1, 1970, to and including August 31, 1971, and at \$25 per share from and after September 1, 1971, plus all dividends accrued or in arrears thereon, whether or not earned to the redemption date.

The 4¾ % Preferred Shares are convertible into Common Shares at the rate of one Common Share for each 4¾ % Preferred Share. The conversion rate is subject to adjustments in certain contingencies to protect against dilution.

The 4¾ % Preferred Shares are not liable for further calls or subject to assessment. No holder of 4¾ % Preferred Shares has any pre-emptive or subscription rights.

\$2.30 Serial Preferred Shares, Series A

The \$2.30 Serial Preferred Shares, Series A, of the Company are the first series issued out of a total of 5,000,000 Serial Preferred Shares authorized by the Amended Articles of Incorporation of the Company. The Board of Directors of the Company is authorized by the Articles to adopt amendments to the Articles establishing certain of the terms of each series of Serial Preferred Shares including the number of shares of a series, the dividend rate and payment dates, redemption rights and prices, sinking fund, if any, amounts payable on liquidation convertibility, if any, and restrictions on the issuance of the shares of the same series or any other class or series.

The \$2.30 Serial Preferred Shares, Series A, provide for the payment of cumulative dividends in the annual amount of \$2.30 payable quarterly on the 25th day of February, May, August and November to shareholders of record on dates established by the Company's Board of Directors. The right to declare and pay dividends is limited by the terms of the Indentures under which the Company's Debentures have been issued hereinafter described. The Series A Shares are convertible into Common Shares, par value 50 cents per share, of the Company on a share for share basis subject to adjustments to prevent dilution. The Series A shares are not redeemable prior to March 1, 1974, are redeemable from March 1, 1974, until March 1, 1975, at \$45 per share, and thereafter at \$43 per share plus, in each case, an amount equal to accrued and unpaid dividends. In the event of a liquidation of the Company, the Series A shares are entitled to \$40 per share plus accrued and unpaid dividends before any amount is paid to holders of Common Shares, but subject to the prior rights of the holders of the 4¾ % Preferred Shares. The holders of the Series A shares are entitled to one vote for each such share upon all matters presented to shareholders and, under the terms of the Amended Articles of Incorporation of the Company, the holders of all shares, 4¾ % Preferred, Serial Preferred and Common of the Company, shall vote together as a single class on all matters except as otherwise required by law or as hereinafter described. In the event the Company shall be in default in the payment of the equivalent of six quarterly dividends (whether or not consecutive) on any series of Serial Preferred Shares at the time outstanding, the holders of Serial Preferred Shares of all series voting separately as a class shall be entitled to elect two members of the Board of Directors of the Company. The vote or consent of the holders of at least two-thirds of the then outstanding shares of Serial Preferred Shares, voting separately as a class, shall be necessary to effect certain matters such as (i) an amendment of the Articles of Incorporation or Code of Regulations of the Company which adversely affects the rights of the holders of Serial Preferred Shares, (ii) the authorization of, or an increase in the authorized number of, any class ranking prior to the Serial Preferred Shares, or (iii) if any dividends or sinking fund obligations are in default, the purchase or redemption of less than all of the then outstanding Serial Preferred Shares except in accordance with a purchase offer made to all holders of Serial Preferred Shares. The vote or consent of the holders of at least a majority of the then outstanding Serial Preferred Shares shall be necessary to authorize any shares ranking on a parity with the Serial Preferred Shares or an increase in the authorized number of shares of Serial Preferred Shares.

Indenture Restrictions

The Indenture dated as of July 15, 1963, under which the Company's 4¾ % Debentures due 1988 were issued, limits future dividends (other than dividends payable on the Company's 4¾ % Cumulative Convertible Preferred Shares, par value of \$25 each, distributed to Yale & Towne Shareholders, and stock dividends) and amounts paid for purchases of the Company shares of any class to the extent that no such dividends or purchases are allowed if the total of such dividends and purchases after December 31, 1962, plus the total of the dividends on the 4¾ % Preferred Shares would exceed the sum of (i) Consolidated Net income accrued subsequent to December 31, 1962, (which will include the consolidated net income of The Dole Valve Company, acquired February 28, 1963, for the first two months of 1963, and the consolidated net income of Yale & Towne, from January 1, 1963, to October 31, 1963, in each case reduced by the dividends declared during the

period), plus (ii) the net proceeds received by the Company in cash or property at its fair value as determined by the Company's Board of Directors, from the issuance or sale subsequent to December 31, 1962, of shares of any class, other than to a subsidiary, and other than the Common Shares issued in the acquisition of the assets of The Dole Valve Company and the Common and 4¾ % Preferred Shares issued in the acquisition of the assets of Yale & Towne, plus (iii) the net proceeds received by the Company from the issuance or sale subsequent to December 31, 1962, other than to a subsidiary, of any indebtedness of the Company converted into its shares of any class plus (iv) \$30,000,000.

The Indenture dated as of March 15, 1967, under which the Company's 5½ % Debentures due 1992 were issued, limits future dividends (other than dividends on the Company's 4¾ % Preferred Shares, par value of \$25 each, outstanding on March 15, 1967, and other than stock dividends) and amounts paid for purchases of the Company's shares of any class to the extent that no such dividends or purchases are allowed if the total of such dividends and purchases and the total of the dividends on the Company's 4¾ % Preferred Shares after December 31, 1966, would exceed the sum of (i) Consolidated Net Income accrued subsequent to December 31, 1966, plus (ii) the net proceeds received by the Company in cash, or property at its fair value as determined by the Company's Board of Directors, from the issuance or sale subsequent to December 31, 1966, of shares of any class, other than to a subsidiary, plus (iii) the net proceeds received by the Company in cash, or property at its fair value as determined by the Company's Board of Directors, from the issuance or sale subsequent to December 31, 1966, other than to a subsidiary, of any indebtedness of the Company converted into its shares of any class, plus (iv) \$45,000,000.

Under the most restrictive covenant contained in the two Debentures covering payments of cash dividends, earnings retained for use in the business in the amount of \$165,000,000 at June 30, 1970, are free of such restrictions. The corresponding amount at June 30, 1969, was \$124,000,000.

8. DIVIDEND RECORD

Over the past ten years, the Company has paid dividends on a quarterly basis on its outstanding capital stock. The amount of the dividends paid on an annual basis in each of the past ten years is as follows:

Year	Aggregate Dividends Per Share Paid	Total Amount
COMMON SHARES WITH 50¢ PAR VALUE EACH*		
1960	\$.90	\$ 8,648,230
1961	.90	8,859,015
1962	.90	9,099,158
1963	.90	10,232,371
1964	.95	13,755,974
1965	1.075	15,664,203
1966	1.2125	17,786,410
1967	1.25	18,453,005
1968	1.325	21,136,265
1969	1.40	23,152,661
1970 (to June 30)	.70	11,910,061

*Adjusted to reflect 1966 2-for-1 stock split.

4¾ % CUMULATIVE CONVERTIBLE PREFERRED SHARES (Issued October 31, 1963)

1963	\$.2969	\$ 169,719
1964	1.875	678,799
1965	1.875	678,754
1966	1.875	657,580
1967	1.875	619,297
1968	1.875	446,602
1969	1.875	309,154
1970 (to June 30)	.5938	133,502

\$2.30 SERIAL PREFERRED SHARES, SERIES A (Issued January 31, 1969)

1969	\$2.30	\$ 1,780,661
1970 (to June 30)	1.15	890,328

No Stock dividends have been paid by the Company within the past ten years.

9. RECORD OF PROPERTIES

The Company's divisions and subsidiaries operate more than eighty manufacturing facilities in the United States and elsewhere throughout the free world, and the majority of the above properties are owned by the Company or by its subsidiaries. These manufacturing facilities are located in Ohio at Cleveland, Copley, Massillon and Marion; in Michigan, at Detroit, Battle Creek, Kalamazoo, Vassar, Marshall, Saginaw, Troy and Gladstone; in Wisconsin, at Kenosha and Milwaukee; in New York, at Batavia; in Pennsylvania, at Philadelphia; in Illinois, at Bensenville, Batavia, Casey, Rochelle, Wood Dale, Hanover, Lanark, Savanna and Chicago; Richmond, Indianapolis and Connersville, Indiana; Gallatin, Shelbyville and Lenoir City, Tennessee; Henderson and

Louisville, Kentucky; Kearney, Nebraska; Pinebrook, New Jersey; Salem and Roanoke, Virginia; Laurinburg, Monroe and Roxboro, North Carolina; Forrest City Arkansas; Greenville, South Carolina; St. Louis, West Plains, Missouri; Palo Alto and Anaheim, California; in Argentina, at Buenos Aires; in Brazil, at Sao Paulo; in Canada, at Chatham, Hamilton, London, Oakville, St. Catharines, Scarborough, Toronto, Wallaceburg, and Woodstock, Ontario; in England, at Darlington, Leamington Spa, Manchester, St. Albans, Telford, Warrington, Wednesfield, and Willenhall; in West Germany, at Velbert; in Italy, at Casale Monferrato, Rome, and Turin; in Monaco, at Monte Carlo; in Scotland, at Livingston; in Spain, at Madrid and Pamplona; in Switzerland, at Geneva; and in Venezuela, at Caracas.

10.

SUBSIDIARIES

<u>Name</u>	<u>Date and Place of Incorporation</u>		<u>Percentage of Stock Owned Directly and Indirectly</u>
Olme Precision, Inc.	January 1, 1960	Ohio	98.5%
Eaton Yale & Towne Credit Corporation	November 19, 1965	Ohio	100%
Yale & Towne Leasing Company	June 24, 1960	Delaware	100%
Inter Mountain Equipment Limited	August 16, 1967	British Columbia	100%
Eaton Manufacturing S.A.	April 10, 1964	Switzerland	100%
Hyltern Controls Limited	November 18, 1965	United Kingdom	100%
Eaton Yale & Towne International, Inc.	March 28, 1959	Liberia	100%
Eaton Iberica, S.A.	January 1, 1959	Spain	68%
Eaton Yale & Towne Europa N.V.	April 29, 1966	Holland	100%
Société de Constructions Industrielles et Mécaniques (CIM)	July 31, 1941	Monaco	100%
Société Civile Immobilière Monegasque AMBRIF	January 15, 1952	Monaco	100%
Eaton Yale & Towne Credit S.A.	June 30, 1967	Switzerland	100%
Eaton Yale & Towne Gesellschaft m.b.H.	March 6, 1968	Austria	100%
Eaton Yale & Towne G.m.b.H.	November 22, 1920	Germany	100%
Eaton Livia S.p.A.	March 29, 1961	Italy	100%
Yale S.p.A.	August 28, 1963	Italy	100%
Eaton Livia France S.A.	December 10, 1964	France	100%
Eaton Axles France S.A.	May 27, 1960	France	66⅔ %
Fawick N.V.	April 1, 1966	Holland	100%
Eaton Springs Canada Limited	August 12, 1965	Ontario	100%
Technisch Adviesbureau Eaton N.V.	June 26, 1962	Holland	100%
Eaton Yale & Towne Canada Limited	March 31, 1970	Ontario	100%
Eaton Yale & Towne (U.K.) Limited	May 30, 1919	United Kingdom	100%
Eaton Axles Limited	May 23, 1946	United Kingdom	66⅔ %
Eaton Yale & Towne Administration Ltd.	April 8, 1920	United Kingdom	100%
Eaton Fuller Australia Pty. Limited	July 3, 1952	Australia	100%
Consolidated Automotive Products Pty. Ltd.	October 28, 1952	Australia	100%
Eaton Metalurgica S.A.I.C.	September 27, 1960	Argentina	100%
Eaton Ejcs I.C.S.A.	June 6, 1960	Argentina	100%
Eaton Fundiciones I.C.S.A.	April 18, 1967	Argentina	100%
Eaton S.A. Industria de Pecas e Acessorios	June 6, 1957	Brazil	100%
Eaton Yale & Towne Limitada	October 1, 1958	Brazil	100%
Yale de Venezuela C.A.	December 8, 1967	Venezuela	100%

11.

FUNDED DEBT

4⅜ % Debentures due 1988

On July 30, 1963, the Company sold to the public, through an underwriting group, a \$25,000,000 issue of 4⅜ % Debentures due 1988 and dated July 15, 1963, at a price of 99⅝ % plus accrued interest from July 15, 1963. The proceeds from the sale of the Debentures, after the underwriting discount of \$281,250, were applied to the retirement of the Company's indebtedness to banks consisting of \$20,000,000 principal amount of long-term 4½ % to 5 % notes and \$2,000,000 principal amount of short-term notes. The balance of the proceeds, after expenses payable by the Company in the amount of \$126,133, was added to the Company's working capital.

As a sinking fund the Company will pay to the Trustee on or before July 14 of each of the years 1969 to 1987, inclusive, an amount sufficient to redeem \$1,250,000 principal amount of Debentures at the principal amount thereof plus accrued interest, provided that the Company shall be entitled at its option to anticipate any mandatory sinking fund payment or payments by voluntarily redeeming Debentures, other than through operation of the sinking fund, or by delivering Debentures to the Trustee for cancellation, such Debentures being credited for this purpose at the principal amount. At its option, the Company may pay into the sinking fund

on or before July 14 of each of the years 1969 to 1987 inclusive, an additional sum in cash up to \$1,250,000. Such option to make the additional payment shall not be cumulative and shall not operate to reduce the amount of any mandatory sinking fund payment.

The Debentures are subject to redemption, at the option of the Company, as a whole or from time to time in part, on any date prior to maturity, upon at least 30 days' notice, at 103.10% through July 14, 1970, and at decreasing prices thereafter, plus accrued interest. Although as of the present date the Company has not called any of the Debentures for redemption under this option, the Company has voluntarily purchased \$1,408,000 of such debentures in anticipation of sinking fund payments.

The Indenture, dated as of July 15, 1963, contains a number of restrictions on the Company and certain of its subsidiaries. Certain provisions and restrictions which affect the rights of the Company's shareholders are hereinafter described. Balance at December 31, 1969, is \$22,500,000.

5½ % Debentures due 1992

On March 22, 1967, the Company sold to the public, through an underwriting group, \$37,250,000 principal amount of \$40,000,000 issue of 5½ % Debentures due 1992 dated March 15, 1967, at a price of 100% plus accrued interest from March 15, 1967. The remaining \$2,750,000 principal amount of Debentures was placed with institutional investors pursuant to delayed delivery contracts providing for payment and delivery on July 12, 1967, at a price of 100% plus accrued interest from March 15, 1967, to the delivery date. The net proceeds from the sale of the Debentures on March 22, 1967, totaling about \$36,827,000 after underwriting discounts and commissions of \$350,000 and expenses of about \$73,000, were applied to the reduction of the Company's short-term notes payable to banks in the United States. The Company also applied the net proceeds which were received from the sale of the Debentures pursuant to delayed delivery contracts to further reduction of its outstanding short-term notes payable to banks in the United States.

As a sinking fund the Company will pay to the Trustee on or before March 14 of each of the years 1973 to 1991, inclusive, an amount sufficient to redeem \$2,000,000 principal amount of Debentures; provided that the Company shall be entitled at its option to anticipate any mandatory sinking fund payment or payments by voluntarily redeeming Debentures, other than through operation of the sinking fund, or by delivering Debentures to the Trustee for cancellation, the Debentures redeemed or delivered being credited for this purpose at their principal amount against the principal amount of Debentures required to be redeemed. At its option the Company may pay into the sinking fund on or before March 14 of each of the years 1973 to 1991, inclusive, an additional sum in cash up to \$2,000,000. Such option to make the additional payment shall not be cumulative and shall not operate to reduce the amount of any mandatory sinking fund payment.

The Debentures are subject to redemption, at the option of the Company, as a whole or from time to time in part, on any date prior to maturity, on not less than 30 days' notice, at 104.95% through March 14, 1970, and at decreasing prices thereafter, plus accrued interest. However, no optional redemption may be effected prior to March 15, 1977, directly or indirectly, from or in anticipation of monies borrowed by or for the account of the Company at any interest cost of less than 5½ % per annum.

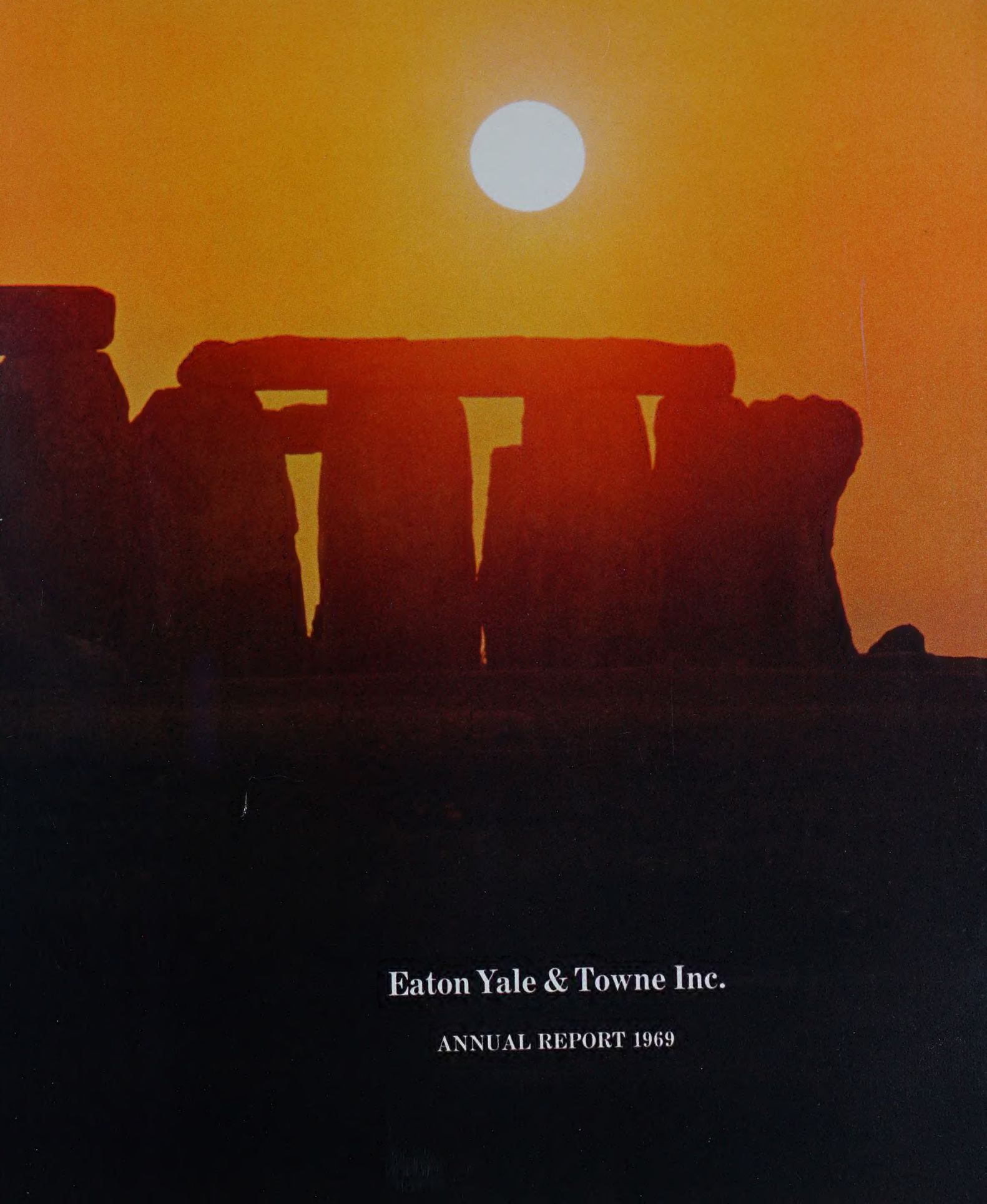
The Indenture, dated as of March 15, 1967, contains a number of restrictions on the Company and certain of its subsidiaries. Certain provisions and restrictions which affect the rights of the Company's shareholders are hereinafter described. Balance at December 31, 1969, is \$40,000,000.

The Indentures dated as of July 15, 1963, under which the Company's 4¾ % Debentures due 1988 were issued, limits future dividends (other than dividends payable on the Company's 4¾ % Cumulative Convertible Preferred Shares, par value of \$25 each, distributed to Yale & Towne shareholders, and stock dividends) and amounts paid for purchases of Company shares of any class to the extent that no such dividends or purchases are allowed if the total of such dividends and purchases after December 31, 1962, plus the total of the dividends on the 4¾ % Preferred Shares would exceed the sum of (i) Consolidated Net Income accrued subsequent to December 31, 1962, (which will include the consolidated net income of The Dole Valve Company, acquired February 28, 1963, for the first two months of 1963 and the consolidated net income of Yale & Towne, from January 1, 1963, to October 31, 1963, in each case reduced by the dividends declared during the period), plus (ii) the net proceeds received by the Company in cash or property at its fair value as determined by the Company's Board of Directors, from the issuance or sale subsequent to December 31, 1962, of shares of any class, other than to a subsidiary, and other than the Common Shares issued in the acquisition of the assets of The Dole Valve Company and the Common and 4¾ % Preferred Shares issued in the acquisition of the assets of Yale & Towne, plus (iii) the net proceeds received by the Company from the issuance or sale subsequent to December 31, 1962, other than to a subsidiary, of any indebtedness of the Company converted into its shares of any class, plus (iv) \$30,000,000.

The Indenture dated as of March 15, 1967, under which the Company's 5½ % Debentures due 1992 were issued, limits future dividends (other than dividends on the Company's 4¾ % Preferred Shares, par value of \$25 each, outstanding on March 15, 1967, and other than stock dividends) and amounts paid for purchases of the Company shares of any class to the extent that no such dividends or purchases are allowed if the total of such dividends and purchases and the total of the dividends on the Company's 4¾ % Preferred Shares after December 31, 1966, would exceed the sum of (i) Consolidated Net Income accrued subsequent to December 31, 1966, plus (ii) the net proceeds received by the Company in cash, or property at its fair value as determined by the Company's Board of Directors, from the issuance or sale subsequent to December 31, 1966, of shares of any class, other than to a subsidiary, plus (iii) the net proceeds received by the Company in cash, or property at its fair value as determined by the Company's Board of Directors, from the issuance or sale subsequent to December 31, 1966, other than to a subsidiary, of any indebtedness of the Company converted into its shares of any class, plus (iv) \$45,000,000.

Capitalized Lease Obligations:

An agreement between the Industrial Development Board of the City of Shelbyville Inc. and the Company to lease Capitalized Equipment requiring annual rentals with interest at 4¼ % to 4½ % through 1987. Balance at December 31, 1969, is \$6,290,000.



Eaton Yale & Towne Inc.

ANNUAL REPORT 1969



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*Stonehenge: ancient
symbol of systematic
planning which when
applied to management
and science has created at
Eaton Yale & Towne
a multinational
corporation on which the
sun never sets and whose
products affect the lives
of most of the world's
population.*

Consolidated Summary Eaton Yale & Towne Inc. and Subsidiaries

For the year

	1969	1968
Net Sales	\$1,054,309,158	\$922,336,170
Net Income	60,887,080	50,313,615
Percent to Net Sales	5.8%	5.5%
Return on Shareholders' Equity	15.4%	13.7%
Expenditures for Plant and Equipment	\$60,412,862	\$33,521,978
Depreciation and Amortization	21,868,387	22,111,595
<i>Per Common Share:</i>		
Net Income	3.46	2.86
Cash Dividends	1.40	1.33

At the year end

Working Capital	\$237,548,114	\$237,914,744
Total Shareholders' Equity	413,214,387	379,052,560
Shareholders' Equity per Common Share	22.15	20.13
Number of Common Shares	16,995,905	16,921,255
Number of Holders of Common Shares	43,375	44,221
Number of Employees	46,150	43,087

See notes to the consolidated financial statements on Page 36, and notes to the five year consolidated financial summary on Page 37.



Chairman of the Board E. M. de Windt



President Wm. A. Mattie

To Our Shareholders

PART I. Eaton Yale & Towne's 1969 fiscal performance established record highs for both sales and earnings. For the first time, annual sales exceeded the billion dollar level.

Consolidated sales of \$1,054,309,158 were 14% higher than 1968. Net earnings in 1969 rose 21% to \$60,887,080 from \$50,313,615 the previous year, while earnings per share of \$3.46 increased 21% from \$2.86.

An important reason for the Company's established pattern of orderly growth is its participation in three major markets—transportation components, materials handling and industrial power transmission. Each area offers solid potential in the future. We regard in-depth, long-range corporate planning as another vital factor in the past—and future—success of our operations.

Planning never has been just a fashionable word at Eaton Yale & Towne. Rather, it has been a way of life. Soon after this annual report is released to shareholders, members of key corporate and divisional management from all of our multinational operations will meet to discuss provisional planning programs. Much of our future success will result from the skill and vision demonstrated at this meeting.

Our annual report, which departs somewhat from the traditional format, defines the direction and means we are providing to attain new and higher goals. Following, as part of this annual message, are comments from a recent meeting with eight leading financial analysts. The pictorial essay, starting on Page 9, graphically illustrates the corporate framework within which we plan to extend our growth.

Evidence of our emphasis on internal growth is demonstrated by 1969 capital expenditures of \$60,412,862, with 21 major projects worldwide. This includes a carry-over of \$39.6 million for projects approved in 1968. Two profitable, successful

firms—Tinnerman Products, Cleveland, and McQuay-Norris Manufacturing, St. Louis—joined us in 1969. Including these acquisitions, the Company today operates 118 facilities in 21 Free World countries.

Another bench mark of 1969 is our research and development expenditure, which was \$21.3 million, up from a record high of \$17.3 million a year ago. Technical superiority, historically, has been emphasized by Eaton Yale & Towne, as reflected by the fact that the majority of our 4,000 products are of a proprietary nature.

E. L. Ludvigsen, formerly chairman of the board, and F. I. Goodrich, formerly executive vice president, retired in recent months, thus bringing to a close two of the most valued and distinguished careers in the history of the Company. Both continue as directors of Eaton Yale & Towne, and Mr. Ludvigsen as chairman of the Executive Committee.

The Company's future strength stems, to a great degree, from the multinational capabilities we have developed within the past decade. We believe these capabilities assure Eaton Yale & Towne's vigorous growth going into the 70's. And, although a softening of the United States economy may cast a long shadow on 1970, we believe that our Company is in a strong position to take advantage of the numerous world-wide opportunities available to us.

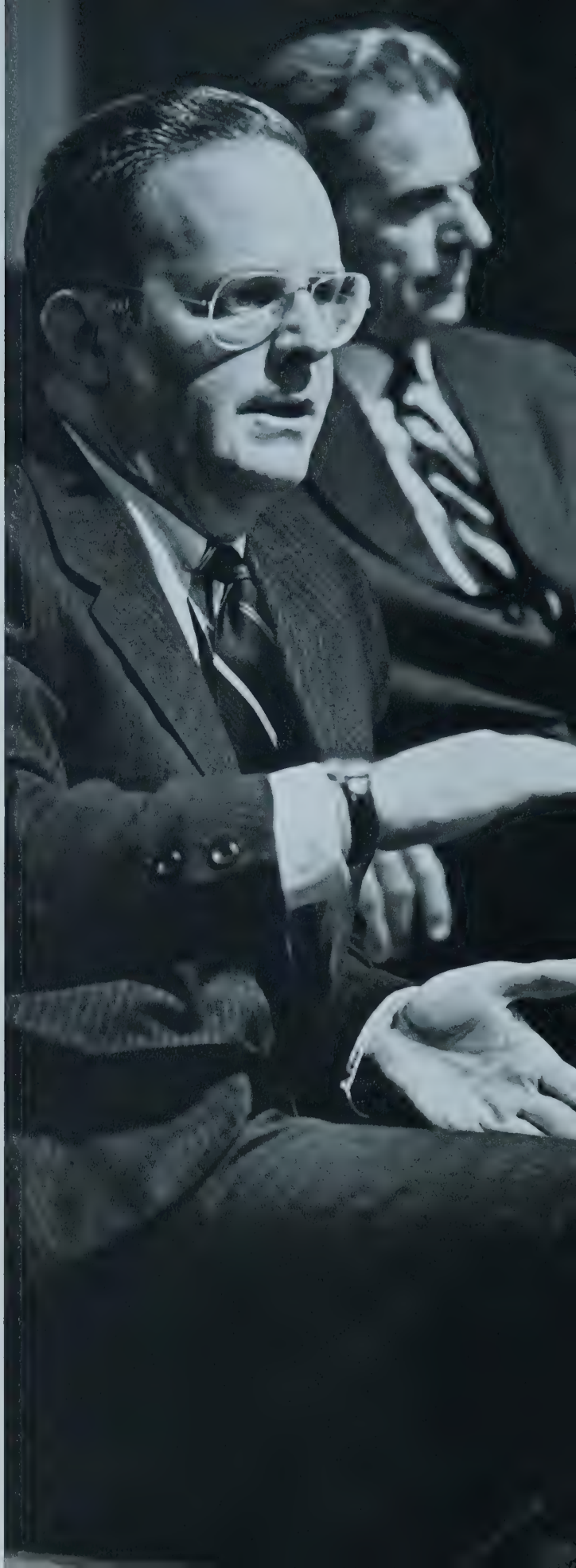
E. M. de Windt

E. M. de Windt
Chairman of the Board

Wm. A. Mattie

Wm. A. Mattie
President

February 25, 1970



PART II. *To make Eaton Yale & Towne better known to, and understood by, the investment community, key executives frequently meet with security analysts, institutional investors and other financial groups. The following excerpts are from such an interview held in Cleveland, January 28, 1970.*

Representing the financial community: Harry M. Allen, Merrill Lynch, Pierce, Fenner & Smith Inc.; William W. Baker, McDonald & Company; Sevier Bonnie, Jr., Prescott, Merrill, Turben & Co.; Arthur G. Davis, Ball, Burge & Kraus; Donald F. DeScenza, Goldman, Sachs & Co.; Norman F. Klopp, Roulston & Company, Inc.; John A. McConville, E. F. Hutton & Company Inc.; and Ronald H. Muhlenkamp, P D I Fund, Inc.

Representing Eaton Yale & Towne: E. M. de Windt, chairman of the board; Wm. A. Mattie, president; H. S. Ide, Jr., vice president-finance; and J. R. Killpack, vice president-administrative.

Mr. Klopp: What were the significant changes in the Company's 1969 product breakdown percentages?

Mr. Ide: There have been no major changes in our sales composition, although Truck and Off-Highway Components and Materials Handling Groups performed slightly better than the other groups in 1969.

Mr. McConville: Were there any major changes in your international business?

Mr. de Windt: Actually, 1969 was a very gratifying year. Many of our operations, just now coming into their own, really began to achieve some of their previously established profit objectives.

We operated in England for the first time without our former London plant, which had been a great drain on our resources due to severe labor problems. All of our operations in the U.K. operated in the "black" in 1969. In Germany our materials handling market remained strong, to the point where it was necessary to acquire a small operation with nearly 300 employees to supplement our materials handling work force in Velbert.

Our new truck axle and transmission plant in Spain is nearly completed, and this year we will supply 100% of our axle housing requirements for our Mexican and French operations from Spain.

We opened our new automated foundry in Argentina last year. This facility gives us the capacity not only to fulfill our own needs, but also to become a major supplier to the Argentine market, which has a severe shortage of foundry capacity. Although we have experienced some customer product integration in Canada, our business there continues to grow.

Mr. Ide: Excluding Canada, our multinational operations contributed a little over 14% to profits in 1969, with profits being up better than 50% over 1968. While we don't enjoy quite the profit margin in those operations as we do on an overall basis, we are gradually approaching it.

Mr. McConville: Could you extract Canadian sales for 1969? Also, I gather that Canada's profit margins last year were not up to snuff due to integration.

Mr. Ide: Product integration was an adverse factor. Profits were down for that reason, and also because we closed our lock and hardware plant, taking a sizeable, non-recurring loss. Getting this behind us, of course, is one thing working in our favor in 1970. Canada contributed about 10% — or approximately \$100 million — to our total sales last year.

Mr. Davis: What is the truck outlook for 1970?

Mr. Mattie: In 1969, the truck market contributed significantly to our total profit performance, and we expect only a slight change in the overall market. Heavy truck production, however, may be down about 7 to 10%, while lighter weight classes will be down less.

Mr. Davis: Do you think the Company can maintain its 1969 profit margin in 1970 despite the volume decrease in heavy trucks?

Mr. Mattie: With the help of our multinational plants, we feel that we can. However, we may want to revise that projection later in the year.



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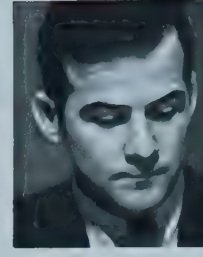
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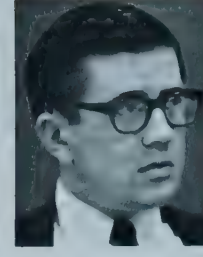
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Mr. de Windt: Still another means of sustaining our growth will be new products. Through sales of a new limited slip differential, a new heavy-duty tandem axle, a new model of the twin countershaft transmission, and a new automatic slack adjuster for brakes, among other products, we expect to pick up approximately three million dollars in new business.

Mr. Allen: How do the acquisitions made in the last few years fit into the Company's overall goals?

Mr. Killpack: Three years ago, we acquired a small engineering company with extensive experience in developing automated systems which gave us our initial entry into the automated warehousing field. After analyzing the products needed to supply the necessary "hardware" for such systems, we discovered a void, and subsequently acquired American Monorail Company, which rounded out our capabilities.

The 1968 Fawick merger not only expanded our capabilities in the power transmission and hydraulics industry, but also gave us entry into the leisure-time industry with Fawick's well-known "Golf Pride" golf club grips.

The Tinnerman Products acquisition broadened our range in the fastener field. Complementing our Reliance fastener line, Tinnerman's special fasteners have wide application in the automotive, radio, electronic and home appliance fields.

In 1969, we acquired the McQuay-Norris Manufacturing Company. For many years we wanted to participate directly in the automotive aftermarket, but felt we could not effectively compete except through established channels of distribution. McQuay-Norris provides us a fine, nationwide aftermarket distribution organization.

Mr. de Windt: Coupled directly with our efforts to meet corporate objectives through acquisition is an exciting, on-going research and development program. We should in '70 spend approximately \$25 million in corporate and divisional R&D programs.

Mr. Baker: Would you discuss the general atmosphere at the end of 1969 for the Materials Handling Group, touching on order rates and the effect of imports?

Mr. de Windt: Although there has been a leveling-off in the industrial lift truck area, it has not affected us significantly to date, because of substantial backlogs. We are looking for about the same number of units to be sold in '70 as in '69.

Some foreign companies are making inroads, but the problems inherent in the industrial trucking field are such that penetration will be minimum for some time. Our best defense is to stay ahead of the game through product innovation, availability and service. We intend to provide these.

We recently formed a joint venture company with Sumitomo to make lift trucks in Japan and market them in that country as well as throughout the world. So, if there are markets that a Japanese product can better serve than our own U.S., German, Canadian, Mexican, English or Brazilian products, we will be able to offer a line of Japanese-built trucks designed to our specifications.

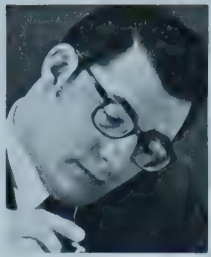
Mr. Baker: Could you comment on progress in the systems approach to materials handling?

Mr. de Windt: We have made progress by consolidating facilities, supplementing people and by product redesign which offers greater durability and substantial cost advantages. We have also become more selective in the type of project we will accept. I think it is safe to say that all of the business we can handle is available.

Mr. De Scenza: Most companies in the capital goods area have had difficulty maintaining profit margins in 1969. Eaton Yale & Towne obviously had a profit margin increase. How was this achieved?

Mr. de Windt: We did improve our margins in '69, with Truck and Off-Highway Components making a major contribution. Truck production was far higher than we anticipated, and the drop-off forecast for mid-year did not develop until late in the fourth quarter. Our passenger car business was also strong.

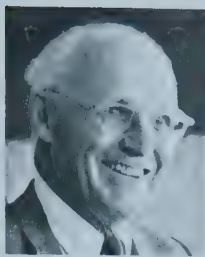
While our materials handling volume was high, due to a number of non-recurring problems, this group did not make the contribution we had expected. Industrial



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1. Norman F. Klopp, *Roulston & Company, Inc.*
2. John A. McConville, *E. F. Hutton & Company Inc.*
3. Sevier Bonnie, Jr., *Prescott, Merrill, Turben & Co.*
4. Arthur G. Davis, *Ball, Burge & Kraus*
5. William W. Baker, *McDonald & Company*
6. Donald F. DeScenza, *Goldman, Sachs & Co.*
7. Ronald H. Muhlenkamp, *P D I Fund, Inc.*
8. Harry M. Allen, *Merrill Lynch, Pierce, Fenner & Smith Inc.*
9. J. R. Killpack, *vice president-administrative, Eaton Yale & Towne Inc.*
10. H. S. Ide, Jr., *vice president-finance, Eaton Yale & Towne Inc.*

Power Transmission and General Products Groups also showed good growth and, with few exceptions, maintained or improved margins. Depressed housing starts and tight money combined to produce a negative effect on Lock & Hardware Group's U.S. performance. Multi-national operations were also a source of strength.

Mr. Bonnie: How did the impact of tight money and credit in 1969 affect your operations?

Mr. Ide: Our receivables at year end were higher than they would have been under normal circumstances and there has been a significant, across-the-board slow-down in collections.

Mr. Muhlenkamp: What steps are being taken to control sales and administrative costs in 1970?

Mr. de Windt: Cost control is a constant effort at Eaton Yale & Towne. All of our budget planning and cost controls are geared to *action* rather than *reaction*. In preparing 1970 budgets, we made probably the most complete and comprehensive review in our history. In addition, each division has ready a "turn-around" plan providing for specific cost reduction action which will be put into effect immediately should sales and profits drop below established levels.

Mr. Muhlenkamp: Will capital spending be affected?

Mr. de Windt: To some degree, there already has been a paring of capital expenditures, but in our type of business, capital expenditures cannot be turned on and off easily. We will not postpone any capital expenditure that affects our short or long-term competitive position in the marketplace.

Mr. Muhlenkamp: I gather then that money isn't so tight that you would sacrifice long-term R&D goals?

Mr. de Windt: Absolutely correct. There will be no sacrifice in any R&D area significant to our future progress. Further, because of our worldwide base, when we spend a dollar for R&D, we have the opportunity of getting a return on that dollar, not only in the U.S., but also in every Free World country.

Mr. Bonnie: What is the current status of your crash restraint system?

Mr. de Windt: The Company continues to be optimistic about the prospect of the Auto-Ceptor and we are working closely on its development with auto manufacturers both here and abroad.

Mr. Davis: Are you recession-proof?

Mr. Mattie: I don't think we, or any other company, is recession-proof, but with our broader product base and multinational operations, we are far more balanced today and in a stronger position to weather a drop in the market than in 1967.

Mr. Bonnie: Does the corporation scrutinize its operations as to return on capital, and is it willing to pare off unsatisfactory operations?

Mr. Killpack: We feel this is a vital management responsibility. We constantly review each of our operations as to its present and future potential profit. During the past 18 months, for example, we sold our Marine Division and an Australian subsidiary, as well as closed our Canadian lock division. None of these operations were making their proper contribution to our corporate growth.

Mr. Davis: All of us here today are pretty much convinced that you and your staff have soundly based this Company, and that the management organization is able to take care of such problems as might arise. In line with this, do you believe in the managed earnings approach?

Mr. de Windt: If you talk about managed from the standpoint of trying to provide protection against fluctuations in the general level of the economy, yes. We are constantly seeking products and markets which will offset loss of volume on the down side.

Mr. Davis: I would like to explore what kind of problems might occur in 1970, since many of these surprises apparently will not be on the plus side.

Mr. Mattie: Well, obviously, one of the areas of concern is labor. Also, a lot depends upon the general level of the economy.

Mr. de Windt: Our greatest concern, is what happens to the national economy. We are all sympathetic to the Administration's objective to slow down inflation.

PART II CONTINUED

I don't know that we all agree on the steps taken, but I do think we must admire the President for initiating action.

Mr. McConville: How much protection would your international operations afford you?

Mr. Ide: If projections stand up, they should show a 50% profit increase over '69. However, our multinational operations still represent only a small percent of the total profit.

Mr. Muhlenkamp: Do material costs pose a problem?

Mr. Mattie: Copper has continued to plague us. Certainly the nickel strike has been a factor. One of our strongest staff activities is purchasing, and our staff has done an outstanding job of holding material and service cost increases to a minimum.

We regularly hold "partners in progress" seminars with our suppliers. One of our divisions recently brought in over 200 suppliers and asked for help in effecting cost savings through redesign, material change, or other means. Annual savings, as a result of that meeting, approximated \$300,000. We're taking the same approach in Europe with major vendors and potential suppliers.



Mr. Klopp: How do you arrive at your forecasts?

Mr. Mattie: We forecast for the full year, showing monthly sales and profits. We also have three month "rolling" forecasts that show how well we are doing in relation to our profit plan. Going further, every month each operation submits three estimates of sales and profits. Our control procedure covers profits, sales, manufacturing expenses—the whole business, so that we can immediately spot a trend in any of our multinational divisions. Our operating committee meets monthly to formally evaluate divisional activity.

Mr. De Scenza: Do you hope to hold your profit margin on flat volume?

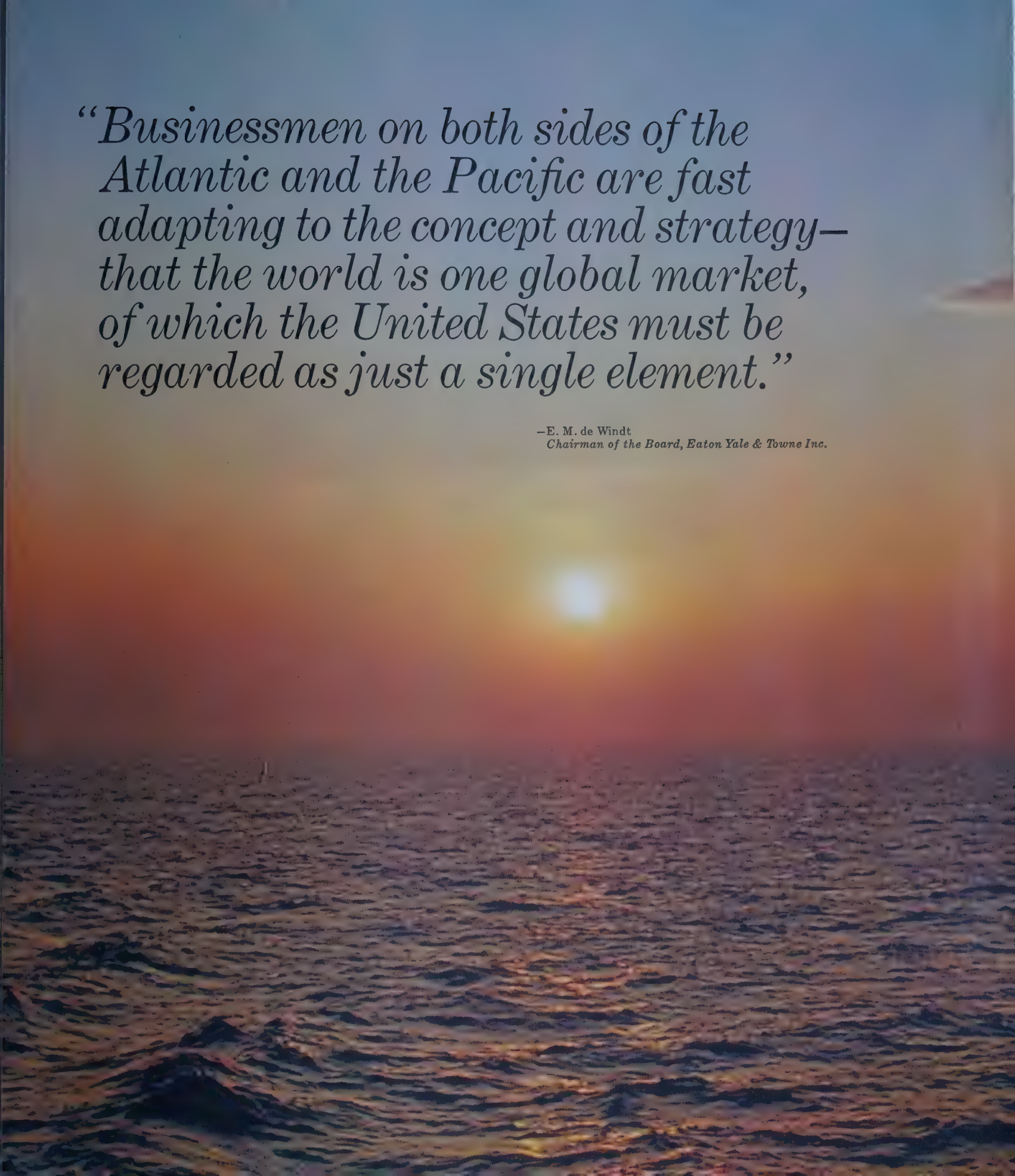
Mr. de Windt: Our basic philosophy will not permit us to accept margin erosion as a way of life. If, after exhausting all efforts for cost reduction, our objective cannot be achieved, we will have no alternative but to go the price increase route.

Mr. De Scenza: What is the profit margin outlook for each of your major product categories in 1970?

Mr. de Windt: Prominent economists have projected that U.S. corporate earnings will be off from 10 to 20% across the nation.

We could be an exception, with some of the pluses that we have working for us and because of a number of major non-recurring expenses last year that are now behind us. We consider our multinational contribution a real plus. Assuming that passenger car production stays above eight million; that heavy-duty trucks are not off more than 10%; that unit volume of industrial lift trucks equals 1969 industry sales; that our industrial power transmission business maintains its 1969 level; and that there are no significant changes in lock and hardware, we would expect to sustain the gains that we made in 1969. If any of those assumptions are altered, naturally our outlook would change. At the moment, however, we are not pessimistic.

As Bill Mattie explained, if the economy begins to taper off, our turn-around plans will permit us to move quickly.

A full-page background image of a sunset over the ocean. The sun is a bright, glowing orb in the center of the horizon, casting a long, shimmering path of light across the dark, choppy water. The sky is a gradient of colors, from a pale blue at the top to a deep orange and red near the horizon. The water in the foreground is dark with small, white-capped waves.

“Businessmen on both sides of the Atlantic and the Pacific are fast adapting to the concept and strategy—that the world is one global market, of which the United States must be regarded as just a single element.”

—E. M. de Windt
Chairman of the Board, Eaton Yale & Towne Inc.



Although many of their elders still cling to the old ways, young Spaniards are moving into the 20th century hard and fast. Within their short lifetimes, per capita income has more than quadrupled...to the magic level that separates the developing from the developed countries.



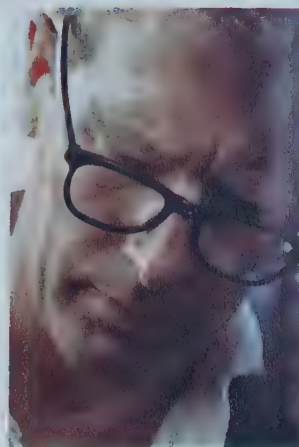
Moving from isolation and poverty to relative prosperity in less than a decade, Spain offers a classic example of those Free World nations dedicated to developing a better way of life. Eaton Iberica's performance mirrors that country's economic progress. The Company's Spanish truck axle and transmission subsidiary has tripled sales over the past three years, and in 1969 moved into a new plant (lower left) that increases manufacturing space 200%.

The dominant markets of the world today — the European Common Market, European Free Trade Association, United States, Japan and Latin America—are forecast to remain prime markets for several decades. In the United States, where 76% of the Company's volume is generated, gross national product per capita is estimated to rise 63% between 1965 and 1985. An increase of 94% is predicted for the European Common Market in the same period. Eaton Yale & Towne is well positioned to benefit from this continuing economic growth.





This traditional English "Bobby" doesn't realize that 4,935 of his fellow countrymen working at 12 Eaton Yale & Towne United Kingdom factories and offices have a great deal to do with the traffic he directs.



Eaton Yale & Towne makes truck axles in England, as well as in the U.S., Mexico, Canada, Argentina, Spain, France and soon in Turkey and Japan. The Company also makes truck transmissions, industrial lift trucks, locks and builders' hardware, industrial clutches and brakes, shovel loaders and hoists in England, as it does in a score of other countries. Operating 118 facilities in 21 nations, Eaton Yale & Towne manufactures some 4,000 products that are in worldwide demand.

We believe that no product or idea, because of its place of origin, should be ineligible to move about freely. We support an entrepreneurial philosophy of management, and from this stems our policy of reliance on local initiative. Close to a third of our workforce are host country nationals. It is our conviction that we have a commitment to all of the enterprises which comprise our corporation and a responsibility to all of the economies in which we do business.

*“The real point is that
business everywhere is
outgrowing international
boundaries...”*

—Fortune
August 15, 1969



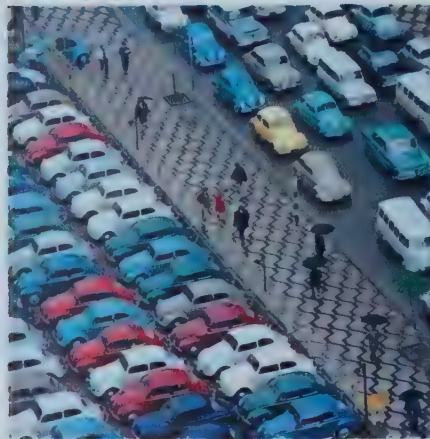


History, it seems, is with us. Over the last decade, Eaton Yale & Towne's growth has been in all geographical directions—Europe, Canada, Latin America, the Far and Middle East as well as in the United States. In terms of capital growth, the Company entered 1969 with the largest carry-over of approved projects in its history—approximately \$39.6 million. For the year as a whole, a capital investment program of \$60.4 million implemented management's judgment of growth markets that will make substantial contributions to sales and earnings in the future.

In 1969, operations were initiated at two entirely new plants in the United States, with product capabilities ranging from automotive components to golf grips; at a new lock and hardware plant in Scotland; at a new axle and transmission plant in Spain; and at our new automated foundry in Argentina. We purchased a factory in the Saar Valley to support our German materials handling operations; broke ground in Turkey for a new axle and transmission plant; and scheduled a new construction equipment plant in England. Major expansion programs were completed at two Brazilian and two Canadian operations and at several U.S. plants.

“The nation that went to the moon in peace for all mankind is ready to share its technology in peace with its nearest neighbors.”

—Richard M. Nixon



In terms of time and extent, the economic factors influencing multinational growth make their impact at an uneven pace. But growth there will be. In Latin America, for instance, our volume over the last five years has almost tripled, and the fundamental conditions under which we do business are fostering still more growth. Three Eaton Yale & Towne facilities, producing engine components, truck transmissions, materials handling and construction equipment, are clustered in and about Sao Paulo, the industrialized heart of Brazil. All are prospering.

In Mexico, growth has been very rapid. Our Eaton Manufacturera S. A. affiliate, represented by the photo at the right, achieved in 1969 truck axle production goals originally set for 1973. An indication of the Company's success in the Argentine is to be found in the dedication last year of our new "push-button" foundry (upper left), one of the most modern in the Western Hemisphere. We now operate three production plants in Argentina.



“As the economies of the developing nations move ahead, the opportunities will also move ahead. More than half of the automotive market today is outside the United States.”

—Wm. A. Mattie
President, Eaton Yale & Towne Inc.





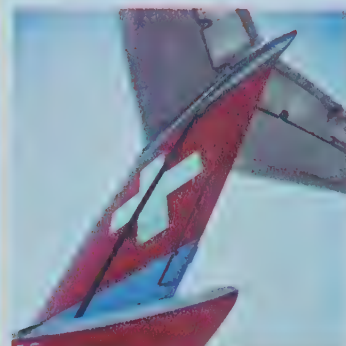
Dramatic changes in centuries-old patterns of economics and politics, now taking place in many countries of the world, portend enormous opportunity for Eaton Yale & Towne's transportation components business. This area incorporates a vast range of products—from critical engine parts, serving a multiplicity of industries, to heavy-duty truck transmissions and axles and a remarkable automotive safety crash restraint system (top, Page 18) called AUTO-CEPTOR. Now in pilot production in the U.S., the unit made its European debut in 1969, under the auspices of Eaton Livia, one of the largest engine valve producers in the Common Market. It was also displayed at the International Fair in Zagreb.

The Company's entry into world markets was actually inspired by its U.S. truck and automotive customers who sought supplier services on a multinational scale. While our non-U.S. plants manufacturing for these product areas are relatively new, they are firmly established and flourishing.

“Consider almost any problem related to the movement, handling, or storage of materials, and chances are that our diversified technology has touched upon it.”

—W. Ross Eames
Group Vice President, Eaton Yale & Towne Inc.





Know-how, the major asset of the multinational manufacturer, is used to formulate advanced technology, new and improved products and creative marketing strategy. In the developing nations, know-how is adapted to a less complex market, accompanied by much needed capital. Know-how isn't necessarily restricted to internal operations. Eaton Yale & Towne's success in the U.S. lift truck market, for instance, depends in good measure upon its ability to motivate and respond to the needs of more than 100 independent dealers. Lift truck sales outside the country of manufacture are marketed through Eaton Yale & Towne International, headquartered in Zug, Switzerland, which provides fully trained sales and service representatives in more than 107 countries.

Materials Handling Group supports a complex distribution structure, with each of its four product subgroups—industrial lift trucks, systems and components, construction machinery and forestry equipment—serving a distinct market. Having taken an aggressive lead in developing systems technology, Eaton Yale & Towne's experience in automating the movement of goods covers a wide range of applications. Dole Division's new distribution warehouse near Chicago (top, Page 20) incorporates a computer-controlled system which represents the Company's systems capabilities. Reflecting automation at its most sophisticated levels, the Dole installation symbolizes maximum utilization of today's scarce commodity of labor.

“We offer complete systems, with single-source engineering and responsibility, or we provide individual components to transmit power from the prime mover—electric motor, gasoline or diesel engine, gas and steam turbine, nuclear device—to the work station.”

—John V. Eakin
Group Vice President, Eaton Yale & Towne Inc.

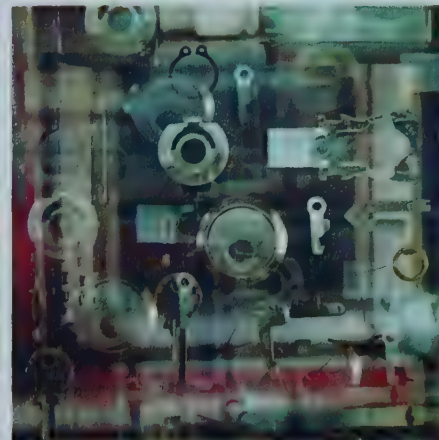




Eaton Yale & Towne's products, essentially proprietary in nature, enjoy excellent staying power in a world marketplace that has never been more competitive—or more potentially rewarding. In the area of "moving energy," for instance, each new manufacturing complex, each production addition, offers a new market for our power transmission systems and components. Often called the "complete power transmission house," the Company manufactures adjustable speed drives, worm gears and speed reducers, lubricating systems, industrial clutches and brakes, hydraulic and electronic controls and other components that make a modern power transmission system a reality. These products control and drive equipment in the paper, computer, marine, petroleum, metalworking, printing, machine tool, power generating, textile and basic metals industries as well as a host of others. With future improvements in the use and control of motion concentrated in the area of automated processes, our activity in this field is as limitless as are the applications of automation. The number of customers served by this product group today runs into the thousands, ranging from world-famous corporations to small, one-man shops.

*“Really to see the sun rise or go down
everyday, so to relate ourselves to a
universal fact, would preserve us sane
forever.”*

— Henry David Thoreau



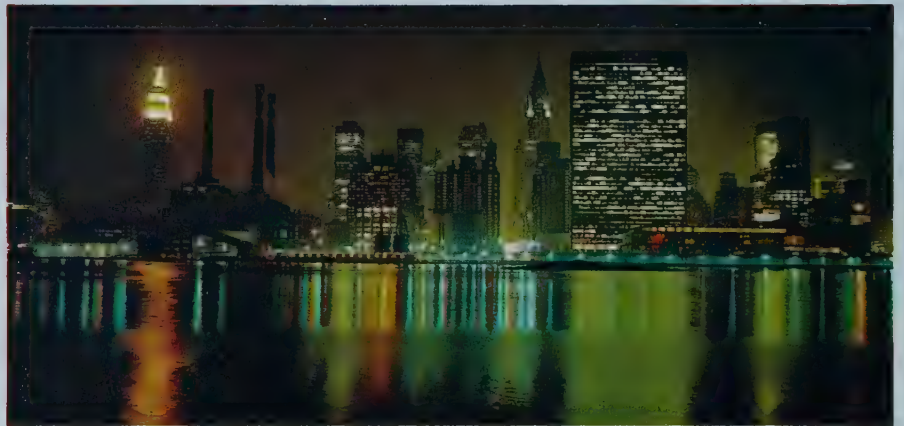
To prosper in the world marketplace, a company must be able to serve many different markets and function in many different cultural environments. Eaton Yale & Towne, for instance, manufactures locks and builders' hardware in the United States, Mexico, Venezuela, Colombia, Germany, England, Italy, Scotland and Spain. Soft drink dispensers are produced at the Company's facilities in Switzerland and the U.S.; automotive air conditioners in the U.S., Brazil and soon in Argentina; appliance controls in Italy, Monaco and the U.S.

Among other of our products that add to the comfort, safety and enjoyment of daily living are: water filters; grips for golf clubs and other sporting goods; furnace and portable console humidifiers; water coolers; tire repair kits and tire pressure gauges, aerosol valves, tire valves and various other valves and controls for automotive, marine and aircraft applications; emission controls to reduce air pollution; road speed controls, piston rings and numerous parts for the automotive original equipment and aftermarkets; and fasteners for electrical, home appliance, radio, electronic, automotive and many other applications.

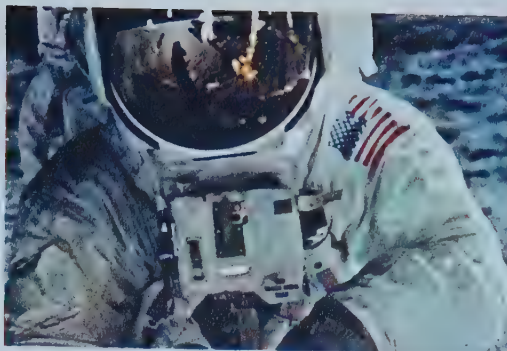


“To progress, a multinational company must have ideas to meet the forces of change.”

—R. G. Brown
*Vice President, Research and Development
Eaton Yale & Towne Inc.*



For us, the challenge of the future centers upon carrying forward that quality which has provided the inspiration for all of the Company's growth: technological innovation. The practical application of Eaton Yale & Towne technology is upon every aspect of man's life...the way he moves around, above, below and on the surface of the earth—the way he lives, works, plays, eats, learns—and even how he is learned about. Representative of the research and development projects that are currently underway, at both corporate and divisional levels, are: a system to help prevent tractor trailers from jackknifing; a sensing device that detects a fire before it starts; components to harness turbine power; improved solid state hoist controls; a guide-path towing tractor; as well as truck axles and transmissions of greater capacities. A number of products are in various stages of field testing.



Among them is a harvester, on location in the Canadian north woods, capable of snipping off a tree, delimbing it and dropping the log in a grapple for storage—all in less than 60 seconds. In the U.S., major league stars are testing newly developed baseball grips, similar to our famed Golf Pride golf grips. R&D efforts in hydrostatics, a science in which Eaton Yale & Towne enjoys a leadership position, continue to be directed toward expanding our range of hydrostatic transmissions for heavy-duty use. Eaton Marshall Division, producer of the revolutionary transmission which provides forward or reverse movement in one, no-shift motion, recently completed a million dollar sales and engineering center located on its 435-acre proving grounds. At our Corporate Research Center in Detroit, a \$5 million physical growth program is underway.

Review and Outlook

Sales and Earnings: With annual sales exceeding a billion dollars for the first time, Eaton Yale & Towne's sales and earnings performance in 1969 posted new record highs.

Consolidated net sales for the year were \$1,054,309,158, an increase of 14% over sales of \$922,336,170 in 1968. Net income for 1969 was \$60,887,080, or \$3.46 per common share, an increase of 21% over 1968 net income of \$50,313,615, or \$2.86 per share, as restated.

Income Taxes and Investment Credit: The federal surcharge on corporate income tax reduced earnings \$4,781,626, or 28¢ per share, in 1969, and \$3,948,944, or 23¢ per share, in 1968.

Investment tax credits for 1969 amounted to \$1,471,272, compared to \$1,318,602 in 1968, increasing net earnings about 9¢ per share and 8¢ per share in the respective years.

Capital Spending: Continuing worldwide acceptance of Eaton Yale & Towne products has required improved and expanded facilities to maintain efficiency and provide for customers' needs today and tomorrow. To this end, \$60,412,862 was invested in 1969 in capital additions and improvements, as defined on Page 15 of the annual report. To complete major projects currently underway, in the U.S., Canada, Europe, Latin America and the Middle East, and to provide for future requirements, a budget of \$70 million has been approved for 1970.

Depreciation: Depreciation for 1969 totaled \$21.9 million, and \$22.1 million in 1968. Book depre-

ciation is provided on a straight-line basis over the estimated lives of facilities.

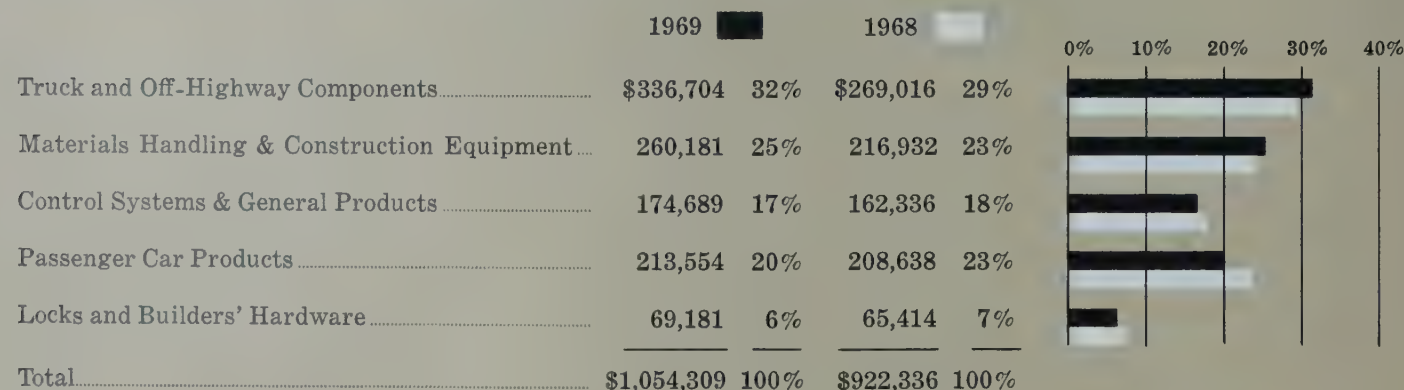
Growth Activity: Eaton Yale & Towne complemented its internal growth in 1969 with the acquisition of McQuay-Norris Manufacturing Company. Sales and earnings of the St. Louis-based firm are reflected in the Company's 1969 and 1968 figures as restated. Founded in 1910, McQuay-Norris Division manufactures electrical controls for gas appliances and parts for automobiles and small engines. McQuay-Norris also enjoys a strong position in the aftermarket distribution area.

The acquisition of Tinnerman Products, Inc., on January 31, 1969, was treated as a pooling of interests and effect was given in Eaton Yale & Towne's previously reported 1968 figures. Headquartered in Cleveland, the subsidiary produces industrial fasteners of a proprietary nature. On December 31, 1969, Eaton Yale & Towne acquired the assets of Troy Tool Products Co. Inc. The Pinebrook, New Jersey, firm makes micro-miniature connectors for the electronics and communications industries.

Financial Position: Eaton Yale & Towne maintained its sound financial position during 1969, with shareholders' equity continuing to increase. Working capital at year end 1969 was \$237.5 million.

With both inventories and net customer receivables being up in 1969 over the prior year, by 19% and 13%, respectively, and the prevailing tight money

Sales contributions by major product categories in thousands



market, the Company has made use of short term bank borrowings and commercial paper as a source of funds. Shareholders' equity was \$413,214,387, an increase of \$34,161,827 during the year. Details of changes in working capital during the year as well as shareholders' equity are included with the financial statements in the annual report.

Dividends: Four quarterly payments were made at the rate of 35 cents per common share continuing the annual dividend of \$1.40 per common share. During the last six years, dividends have been increased four times.

Product Review: All major product lines contributed to the sales records achieved in 1969. Three major areas—transportation components, materials handling and industrial power transmission—represented 88% of the Company's 1969 volume. Security systems, as well as varied industrial and consumer products, made up the balance. The Company's products, which serve a broad range of worldwide markets, are divided into five operating groups. A brief description of each follows:

Truck & Off-Highway Components Group: This portion of the Company's business is concentrated in the power train of the heavy-duty vehicle. Eaton Yale & Towne powers wheels in several ways—through multi-speed drive axles, transmissions, trailer axles and braking and suspension systems, to name a few.

Materials Handling Group: Eaton Yale & Towne manufactures the broadest line of industrial lift trucks in the industry—from fork lifts that can carry 100 tons to special lift trucks that travel down narrow aisles in

warehouses. The Company's involvement in control and logic systems relates to its design and engineering capabilities and diversified hardware. For bulk handling, TIMBERJACK log skidders and other forestry equipment and TROJAN rubber-tired tractor shovels enjoy world fame.

Automotive and Controls Group: Although the products of this group, which number in the hundreds, are for the most part unseen, they perform critical roles in a host of applications—from keeping automobiles on the go to appliances functioning. The Company's passenger car business encompasses two broad areas, engine components and convenience and safety accessories. Eaton Yale & Towne designs and manufactures advanced fluid and thermal energy, mechanical and electronic controls of all kinds.

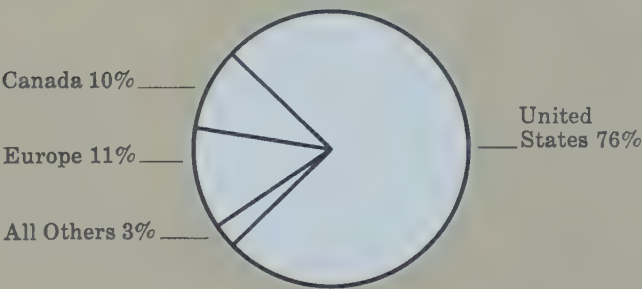
Industrial Power Transmission Systems and General Products Group: Over the last 10 years, the Company has established itself as a pioneering innovator in the rapidly expanding science of "moving energy." Eaton Yale & Towne's sophisticated product lines in this area bring the full impact of automation to myriad industries. Through its general products operations, the Company manufactures such products as fasteners of every type and kind for multimarket use and grips to every golf club maker in the U.S. and many in Japan, England, Australia and South Africa.

Lock and Hardware Group: The Company's experience in manufacturing locks and hardware spans more than a century. The comprehensive product lines of this Group serve the needs of builders, architects, manufacturers, retailers and consumers worldwide.

How we spent our 1969 sales dollar

Material, Supplies and Services	\$ 552,084,651	52.4%
Wages, Salaries and Employee Benefits	346,376,460	32.9%
All Taxes (Excluding Payroll Taxes)	73,092,580	6.9%
Depreciation and Amortization	21,868,387	2.1%
Dividends Paid	25,522,550	2.4%
Reinvestment in the Business	35,364,530	3.3%
Total	\$1,054,309,158	100.0%

Sales contributions by major geographical areas



Report of Independent Accountants

*Board of Directors and Shareholders
Eaton Yale & Towne Inc.
Cleveland, Ohio*

We have examined the consolidated balance sheet of Eaton Yale & Towne Inc. and subsidiaries as of December 31, 1969, and the related statements of consolidated income, shareholders' equity, and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously made a similar examination of the consolidated financial statements for the preceding year.

In our opinion, the accompanying balance sheet and statements of income, shareholders' equity, and source and application of funds present fairly the consolidated financial position of Eaton Yale & Towne Inc. and subsidiaries at December 31, 1969, the consolidated results of their operations, changes in shareholders' equity, and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

Union Commerce Building
Cleveland, Ohio 44115
February 6, 1970



Statement of Consolidated Income Eaton Yale & Towne Inc. and Subsidiaries
Years ended December 31, 1969, and December 31, 1968

		1968	
	1969	<i>Restated for Pooling of Interests</i>	<i>As Previously Reported</i>
Net sales	\$1,054,309,158	\$922,336,170	\$889,826,346
Other income, net	7,042,834	5,403,388	5,356,381
	<u>1,061,351,992</u>	<u>927,739,558</u>	<u>895,182,727</u>
Costs and expenses (including provisions for depreciation and amortization of \$21,868,387 in 1969 and \$22,111,595 in 1968 as restated):			
Cost of products sold	762,442,258	670,179,314	647,457,829
Selling, administrative, research and development expenses	164,087,419	143,241,316	135,862,296
Interest expense	10,827,706	8,173,990	8,025,148
	<u>937,357,383</u>	<u>821,594,620</u>	<u>791,345,273</u>
Income Before Income Taxes	123,994,609	106,144,938	103,837,454
Taxes on income	63,107,529	55,831,323	54,639,000
Net Income	<u>\$ 60,887,080</u>	<u>\$ 50,313,615</u>	<u>\$ 49,198,454</u>
Net income per Common Share:			
Based on the average number of shares outstanding	\$3.46	\$2.86	\$2.89
Fully diluted—Note G	3.36	2.77	2.80

See notes to consolidated financial statements.

1968 has been reclassified to conform with 1969 classifications.

Consolidated Balance Sheet Eaton Yale & Towne Inc. and Subsidiaries
December 31, 1969, and December 31, 1968

		1968	
	1969	<i>Restated for Pooling of Interests</i>	<i>As Previously Reported</i>
<i>Assets</i>			
<i>Current Assets</i>			
Cash.....	\$ 26,552,473	\$ 35,485,044	\$ 34,185,129
Accounts and notes receivable less allowances (\$4,033,000 in 1969)	157,261,435	139,147,365	135,258,668
Inventories—at lower of cost (principally at current standards) or market	272,020,140	229,409,759	216,143,309
Prepaid expenses.....	10,292,836	8,503,277	8,243,412
Total Current Assets	466,126,884	412,545,445	393,830,518
 <i>Other Assets</i>			
Unconsolidated finance subsidiaries—at equity.....	10,240,172	8,331,652	8,331,652
Associate companies—at cost	2,922,330	2,511,566	2,495,885
Other assets and deferred charges	11,543,966	12,879,583	12,879,583
Excess of cost over value of net assets of companies acquired—at cost	13,760,415	13,860,607	13,860,607
	38,466,883	37,583,408	37,567,727
 <i>Property, Plant, and Equipment—on the basis of cost</i>			
Land	7,582,486	7,335,551	6,989,935
Buildings	117,823,029	104,567,868	100,251,981
Machinery and equipment.....	279,140,028	252,363,920	244,360,194
	404,545,543	364,267,339	351,602,110
Less allowances for depreciation and amortization	173,633,550	169,566,118	160,295,066
	230,911,993	194,701,221	191,307,044
	 \$735,505,760	 \$644,830,074	 \$622,705,289

		1968	
	1969	<i>Restated for Pooling of Interests</i>	<i>As Previously Reported</i>
<i>Liabilities and Shareholders' Equity</i>			
<i>Current Liabilities</i>			
Short-term debt	\$103,591,278	\$ 54,871,520	\$ 52,984,228
Trade and other payables	92,143,918	83,269,691	80,980,879
Taxes other than income taxes	8,065,000	7,729,136	7,621,958
Taxes on income	23,262,889	26,986,415	26,427,268
Current portion of long-term debt	1,515,685	1,773,939	1,773,939
Total Current Liabilities	228,578,770	174,630,701	169,788,272
<i>Long-Term Debt—less current portion—Note B</i>			
4¾% Debentures due 1988	22,500,000	23,750,000	23,750,000
5½% Debentures due 1992	40,000,000	40,000,000	40,000,000
Other long-term debt	10,374,258	10,638,175	10,638,175
	72,874,258	74,388,175	74,388,175
<i>Other Long-Term Liabilities</i>			
Deferred income taxes	6,856,100	4,136,727	4,136,727
Pensions and other reserves	12,321,902	10,826,486	10,826,486
Minority interests	1,660,343	1,795,425	1,795,425
	20,838,345	16,758,638	16,758,638
<i>Shareholders' Equity</i>			
Capital stock—Notes C and D:			
Cumulative Convertible Preferred Shares	5,691,325	7,513,925	7,513,925
Serial Preferred Shares	387,100	387,100	387,100
Common Shares	8,497,953	8,430,019	8,175,411
Capital in excess of par value	81,838,420	76,581,897	70,471,315
Retained earnings—Note B	316,799,589	286,139,619	275,222,453
	413,214,387	379,052,560	361,770,204
	<u>\$735,505,760</u>	<u>\$644,830,074</u>	<u>\$622,705,289</u>

See notes to consolidated financial statements.

Statement of Consolidated Shareholders' Equity Eaton Yale & Towne Inc. and Subsidiaries
Years ended December 31, 1969, and December 31, 1968

	<i>Cumulative Convertible Preferred Shares</i>	<i>Serial Preferred Shares</i>	<i>Common Shares</i>	<i>Capital In Excess of Par Value</i>	<i>Retained Earnings</i>
Balance at January 1, 1968 as previously reported	\$12,080,650	\$387,100	\$8,066,341	\$64,821,072	\$250,300,984
Acquisition of company accounted for as pooling of interests—Note A			254,608	6,110,582	10,299,172
Balance at January 1, 1968 as restated	12,080,650	387,100	8,320,949	70,931,654	260,600,156
Common Shares issued:					
182,669 shares from conversion of Preferred Shares	(4,566,725)		91,335	4,475,390	
88,971 shares from exercise of stock options			44,485	1,428,639	
Purchase of 53,500 Common Shares for treasury			(26,750)	(253,786)	(1,377,978)
Net income for the year					50,313,615
Cash dividends paid:					
Common Shares—\$1.33 a share					(21,136,265)
Cumulative Convertible Preferred Shares— \$1.19 a share					(446,602)
Pooled companies prior to acquisition					(1,813,307)
Balance at December 31, 1968	7,513,925	387,100	8,430,019	76,581,897	286,139,619
Common Shares issued:					
72,904 shares from conversion of Preferred Shares	(1,822,600)		36,452	1,786,148	
95,584 shares from exercise of stock options			47,792	1,811,131	
Transactions of pooled companies prior to acquisition			30,609	2,183,413	(1,269,902)
Purchase of 118,600 Common Shares for treasury ..			(59,300)	(521,788)	(3,569,981)
Company acquired in a pooling of interests			12,381	(2,381)	135,323
Net income for the year					60,887,080
Cash dividends paid:					
Common Shares—\$1.40 a share					(23,152,661)
Cumulative Convertible Preferred Shares— \$1.19 a share					(309,154)
Serial Preferred Shares—\$2.30 a share					(1,780,661)
Pooled company prior to acquisition					(280,074)
Balance at December 31, 1969	<u>\$5,691,325</u>	<u>\$387,100</u>	<u>\$8,497,953</u>	<u>\$81,838,420</u>	<u>\$316,799,589</u>

See notes to consolidated financial statements.

Statement of Consolidated Source and Application of Funds Eaton Yale & Towne Inc. and Subsidiaries
Years ended December 31, 1969, and December 31, 1968

		1968	
	1969	<i>Restated for Pooling of Interests</i>	<i>As Previously Reported</i>
<i>Source of Funds</i>			
Net income	\$ 60,887,080	\$ 50,313,615	\$ 49,198,454
Depreciation and amortization	21,868,387	22,111,595	21,730,455
Increase in short-term debt	48,719,758	13,922,739	13,922,739
Increase in other current liabilities	5,228,311	26,320,430	25,247,935
Sale of Common Shares under stock option plans	1,858,923	1,502,093	1,473,124
Decrease in cash	8,932,571	(125,990)	12,332
Increase in other long-term liabilities	4,079,707	(610,537)	(610,537)
	<u>\$151,574,737</u>	<u>\$113,433,945</u>	<u>\$110,974,502</u>
<i>Application of Funds</i>			
Capital expenditures	\$60,412,862	\$ 33,521,978	\$ 33,253,792
Cash dividends	25,522,550	23,396,174	22,899,007
Decrease in long-term debt	1,513,917	2,169,871	1,419,871
Excess of cost over value of net assets of companies acquired	(100,192)	5,520,055	5,520,055
Increase in accounts and notes receivable	18,114,070	20,215,280	20,156,592
Increase in inventories	42,610,381	17,780,074	16,928,280
Other—net	(649,920)	9,171,999	9,138,391
Purchase of Common Shares for treasury	4,151,069	1,658,514	1,658,514
	<u>\$151,574,737</u>	<u>\$113,433,945</u>	<u>\$110,974,502</u>



Directory Eaton Yale & Towne Inc.
and Subsidiaries

Truck and Off-Highway Components Group

Eaton Automotive Canada Limited
London, Ontario, Canada
Eaton Axle Division
Cleveland, Ohio
Eaton Axles France, S.A.
Chartres, France
Eaton Axles Limited
Great Sankey, Warrington, England
Eaton Ejcs, I.C.S.A.
Buenos Aires, Argentina
Eaton-Fuller Australia Pty. Limited
North Rocks, N.S.W., Australia
Eaton Fundiciones I.C.S.A.
Buenos Aires, Argentina
Eaton Gear Division
Richmond, Indiana
Eaton Iberica, S.A.
Pamplona, Spain
Eaton Marion Division
Marion, Ohio
Eaton Yale & Towne G.m.b.H.,
Fuller Transmission Division
Velbert/Rhineland, West Germany
Eaton Yale & Towne Ltda.,
Fuller Division
Sao Paulo, Brazil
Eaton Yale & Towne (U.K.) Limited
London, England

Axle Division

Aycliffe, Darlington, England

St. Albans Division

St. Albans, Hertfordshire, England

Transmission Division

Worsley, Manchester, England

Fuller Transmission Division
Kalamazoo, Michigan

Shuler Axle Division
Louisville, Kentucky

Unit Drop Forge Division
Milwaukee, Wisconsin

Materials Handling Group

*Industrial Trucks, Systems and
Components*

American Monorail Division
Cleveland, Ohio

Automated Handling Systems Division
Macedonia, Ohio

Canadian Materials Handling Division
St. Catharines, Ontario, Canada

Canadian Monorail Company, Limited
St. Catharines, Ontario, Canada

Eaton Yale & Towne G.m.b.H.,
Materials Handling Division
Velbert/Rhineland, West Germany

Eaton Yale & Towne Ltda.,
Yale Materials Handling Equipment
Division

Sao Paulo, Brazil

Industrial Truck Division
Jenkintown, Pennsylvania

Yale Hoisting Equipment Division
Forrest City, Arkansas

Yale Materials Handling Equipment
Division
Wednesfield, Staffordshire, England

Construction Machinery

Canadian Construction Equipment Division

St. Catharines, Ontario, Canada
Construction Equipment Division
Batavia, New York

Eaton Yale & Towne G.m.b.H.,
Trojan Tractor Shovel Division
Velbert/Rhineland, West Germany
Eaton Yale & Towne Ltda.,
Yale Construction Equipment Division
Sao Paulo, Brazil

Yale Tractor Shovel Division
Wednesfield, Staffordshire, England

Forestry Equipment

Timberjack Machines Limited
Woodstock, Ontario, Canada

Power Transmission Systems and General Products Group

Power Transmission Systems

Cleveland Worm & Gear Division
Cleveland, Ohio

Dynomatic Division
Kenosha, Wisconsin

Eaton Manufacturing S.A.
Geneva, Switzerland

Electro-Hydraulic Division
Cleveland, Ohio

Farval Division
Cleveland, Ohio

Fawick Airflex Division
Cleveland, Ohio

Fawick Canada, Ltd.
Scarborough, Ontario, Canada

Fawick N.V.
Roosendaal (N.B.), The Netherlands

Hyltern Controls Limited
Aycliffe, Darlington, England

Mechanical Power Transmission Division
Kenosha, Wisconsin

General Products

Dominion Fasteners Limited
North Hamilton, Ontario, Canada

Flexi-Grip Division
Akron, Ohio

Reliance Division
Massillon, Ohio

Tinnerman Products, Inc.
Cleveland, Ohio

Automotive and Controls Group

Automotive Products

Auto-Cepto Division
Troy, Michigan

Dill Division

Roxboro, North Carolina

The Dill Manufacturing Company of
Canada Limited

Toronto, Ontario, Canada

Eaton Foundry Division

Vassar, Michigan

Eaton Livia S.p.A.
Turin, Italy

Eaton Marshall Division
Marshall, Michigan

Eaton Metalurgica S.A.I.C.
Buenos Aires, Argentina

Eaton Precision Products Canada Limited
Wallaceburg, Ontario, Canada

Eaton S.A.
Sao Paulo, Brazil

Eaton Saginaw Division
Saginaw, Michigan

Eaton Spring Division
Detroit, Michigan

Eaton Springs Canada Limited
Chatham, Ontario, Canada

Eaton Tool
Turin, Italy

Eaton Valve Division
Battle Creek, Michigan

McQuay-Norris Division
St. Louis, Missouri

McQuay-Norris Manufacturing Co.
of Canada, Limited

Toronto, Ontario, Canada

Controls Products

Constructions Industrielles et Mecaniques
(C.I.M.)

Monaco

Dispenser Division

Glen Ellyn, Illinois

Dole Division

Morton Grove, Illinois

The Dole Valve Company of Canada,
Limited

Scarborough, Ontario, Canada

Eaton Heater Division
Cleveland, Ohio

Eaton Livia S.p.A.

Eaton Elpa Division
Turin, Italy

Kitco Division

Bluffton, Indiana

Lock and Hardware Group

Eaton Yale & Towne G.m.b.H.,

Lock and Hardware Division
Velbert/Rhineland, West Germany

Identi-Logic Division

Anaheim, California

Norton Door Closer Division

Bensenville, Illinois

Reed Door Devices Division

Wood Dale, Illinois

Towne Hardware Division

Rye, New York

Yale de Venezuela C.A.

Caracas, Venezuela

Yale Iberia S.A.

Madrid, Spain

Yale Lock and Hardware Division

Rye, New York

Yale Locks and Hardware Division

Willenhall, Staffordshire, England

Yale Security Systems Division

Rye, New York

Yale S.p.A.

Rome, Italy

Associate Companies

Alligator Ventilfabrik G.m.b.H.
Giengen/Brenz, Wuerttemberg,

West Germany

Cerraduras de Colombia S.A.

Bogota, Colombia

Dura-Bond de Mexico, S.A.

Mexico, D.F., Mexico

Eaton Manufacturera S.A.

Toluca, Estado de Mexico, Mexico

Eaton Yale de Mexico, S.A.

Toluca, Estado de Mexico, Mexico

Eaton Yale & Towne Otomotiv Sanayi A.S.
Istanbul, Turkey

Fawick de Mexico, S.A. de C.V.

Mexico, D.F., Mexico

Hobourn-Eaton Mfg. Company, Ltd.

Strood, Rochester, England

Japan Fawick Co., Ltd.

Tokyo, Japan

Koyo Eaton Company, Ltd.

Osaka, Japan

Manufacturas Lock S.A.

Mexico, D.F., Mexico

Productos Eaton Livia S.A.

Badalona, Spain

Yale Sumiki Company, Ltd.

Osaka, Japan

International Service Operations

Eaton Yale & Towne International, Inc.

Zug, Switzerland

Eaton Yale & Towne Credit SA

Zug, Switzerland

Eaton Yale & Towne Gesellschaft m.b.H.

Vienna, Austria

Eaton Yale & Towne Europa N.V.

The Hague, Netherlands

Eaton Yale & Towne Credit Corporation

General Offices

Cleveland, Ohio

Computer Operations

Telecomputer Center

Eastlake, Ohio

Telecomputer Center

London, England

Research and Development Centers

Research Center

Southfield, Michigan

Technical Center

South Euclid, Ohio

Hardware Design and Development
Center

Rye, New York

Materials Handling Advanced

Engineering Center

Philadelphia, Pennsylvania

Corporate Offices

Eaton Yale & Towne Inc.

100 Erieview Plaza

Cleveland, Ohio 44114

Transfer Agents

Common Shares

The Cleveland Trust Company, *Cleveland, Ohio 44101*
Bankers Trust Company, *New York, New York 10015*

4 $\frac{3}{4}$ % Cumulative Convertible Preferred Shares

The Cleveland Trust Company, *Cleveland, Ohio 44101*
Chemical Bank, *New York, New York 10017*

\$2.30 Serial Preferred Shares, Series A

The Cleveland Trust Company, *Cleveland, Ohio 44101*

Registrars

Common Shares

Central National Bank of Cleveland, *Cleveland, Ohio 44101*
Manufacturers Hanover Trust Company, *New York, New York 10015*

4 $\frac{3}{4}$ % Cumulative Convertible Preferred Shares

Central National Bank of Cleveland, *Cleveland, Ohio 44101*
Bankers Trust Company, *New York, New York 10015*

\$2.30 Serial Preferred Shares, Series A

Central National Bank of Cleveland, *Cleveland, Ohio 44101*

Exchange Listings

Common Shares

New York, Midwest, Pacific Coast and Detroit Stock Exchanges

4 $\frac{3}{4}$ % Cumulative Convertible Preferred Shares

New York Stock Exchange

Corporate Offices

Eaton Yale & Towne Inc.
100 Erieview Plaza
Cleveland, Ohio 44114

Annual Meeting

The Annual Meeting of Shareholders of Eaton Yale & Towne Inc. will be held at 11:00 A.M., Eastern Standard Time, Wednesday, April 15, 1970, at the Sheraton-Cleveland Hotel, The Cleveland Room, 24 Public Square, Cleveland, Ohio. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to each shareholder about March 16, 1970.



SUBSIDIARIES

Eaton Livia S.p.A.

Banca di Credito Finanziario:

Loan of \$400,000 obtained May, 1962, repayable in yearly installments, loan bears 7.5% per annum of which 2.5% goes to Italian Government. Balance at December 31, 1969, is \$58,942.

Banca Nazionale Del Lavoro:

Loans of \$1,040,000 obtained in 1965 and 1966 with yearly installments to 1976. Balance at December 31, 1969, is \$591,678.

Eaton Yale & Towne G.m.b.H.

Housing mortgage, interest 6.5% with yearly installments depending on discount rate at maturities. Balance at December 31, 1969, is \$33,106.

Mortgage Landesbank U. Girozentrale Saar, interest of 6.0% with yearly installments of \$32,445. Balance at December 31, 1969, is \$300,546.

Eaton Fundiciones I.C.S.A.

Brown Boveri Cie, payable in seven (7) bi-annual installments with last payment due January 26, 1973. Interest at 6.5% payment guaranteed by Eaton Ejcs I.C.S.A. Balance at December 31, 1969, is \$189,623.

Badische Maschinenfabrik, payable in varying bi-annual installments plus 5.0% interest, last payment due October 10, 1973, payment guaranteed by Eaton Ejcs I.C.S.A. Balance at December 31, 1969, is \$258,421.

Yale S.p.A.

Efibanca—Ente Finanziario Interbancario S.p.A., 15-year loan unsecured note with varying annual installments plus interest of 7.2%, final payment will be made in 1979. Balance at December 31, 1969, is \$820,721.

Efibanca—Ente Finanziario Interbancario S.p.A., first mortgage loan for fifteen years on plant and equipment for \$1,760,000 and 50% guaranteed by Eaton Yale & Towne Inc., with varying annual payments, plus interest at 8.5% and final payment to be made in 1979. Balance at December 31, 1969, is \$750,923.

Second Mortgage loan for 15 years on plant and equipment for \$1,456,000 and 100% guaranteed by Eaton Yale & Towne Inc., with varying semi-annual installments plus interest at 8.5% with final payment to be made in 1982. Balance at December 31, 1969, is \$640,779.

Eaton Iberica S.A.

Banco Intercontinental Espanol:

Mortgage loan on new factory with annual payments plus 8.5% interest with final payment in July, 1971. Balance at December 31, 1969, is \$319,968.

Société de Constructions Industrielles et Mécaniques

Unsecured note repayable in equal quarterly installments through April, 1975. Present interest rate is 8% but can vary according to the French government's building cost index. Balance at December 31, 1969, is \$96,847.

Eaton Yale & Towne Gesellschaft m.b.H. (Austria)

Mortgage loan on land and building repayable in monthly installments including 6% interest through February, 1973. Balance at December 31, 1969, is \$22,214.

Hyltern Controls Limited

Capitalized lease obligations, motor vehicles, monthly payments including interest at 5% maturing in 1971. Balance at December 31, 1969, is \$490.

12. STOCK OPTION PLANS

Qualified Stock Option Plan

On May 26, 1966, the Board of Directors of the Company adopted and approved the Company's Qualified Stock Option Plan. The Plan became effective on July 7, 1966, when the shareholders of the Company approved the Plan at a Special Meeting and released from pre-emptive rights 300,000 of the Company's then authorized but unissued Common Shares with a par value of \$1 each, the maximum number of such shares to be subject to options under the Plan. Amended Articles of Incorporation of the Company which the shareholders approved at the Special Meeting held on July 7, 1966, and which became effective on July 15, 1966, changed each of the Company's previously authorized Common Shares with a par value of \$1, whether issued or unissued, into two Common Shares with a par value of 50¢ each. At that time the 300,000 Common Shares with a par value of \$1 each subject to the Plan were unissued, and these shares were then changed into 600,000 Common Shares with a par value of 50¢ each, the maximum number of such shares to be subject to options under the Plan.

The purposes of the Plan are to provide an incentive for managerial employees of the Company and its subsidiaries to render outstanding service to the Company, its subsidiaries, and to the Company's shareholders, and to assist the Company and its subsidiaries in obtaining and retaining men of ability and initiative in important managerial positions.

Under the Plan a Committee of the Board of Directors, known as the Qualified Stock Option Administrative Committee, may award options to buy the Company's Common Shares to any full-time salaried employee of the Company or a subsidiary who has not reached his sixty-fifth birthday and who, in the judgment of the Committee, occupies a managerial position in which his efforts may contribute significantly to the profits or growth of the Company or a subsidiary. The number of options which may be granted to any one employee is not limited in the Plan, but is to be determined by the Committee. No option shall be granted to an employee to whom a qualified stock option may not be granted under the Internal Revenue Code as in effect on the date of the granting of the option. The term "subsidiary" as of the date of granting an option means any corporation then defined as such by Section 425(f) of the Internal Revenue Code of 1954, as amended from time to time, or by any applicable provisions of the Internal Revenue Code enacted in lieu of Section 425(f).

The Qualified Stock Option Administrative Committee created by the Board of Directors consists of three members of the Board. The Board has also appointed two Directors as alternate members of the Committee. Members and alternate members of the Committee serve at the pleasure of the Board of Directors. No member or alternate member of the Committee may be granted an option while he is serving as such. The Committee has general authority to administer the Plan and to construe its terms and provisions. It is subject at all time to the control and direction of the Board of Directors.

In the opinion of Arter & Hadden, counsel for the Company, options granted under this Plan are "qualified stock options" as defined in the Internal Revenue Code. An employee who complies with certain conditions in the Internal Revenue Code will not be considered to receive taxable income at the time Common Shares are transferred to him upon the exercise of his option, and will be entitled to capital gain treatment of any profit realized by him upon the later transfer or exchange of such Common Shares. The conditions in the Internal Revenue Code with which the employee must comply in order to obtain such capital gain treatment are that he must make no disposition of the Common Shares within a three-year period after the date of the transfer of the Common Shares to him upon the exercise of his option, and he must be an employee of the Company or a subsidiary at all times during the period beginning on the date of granting of his option and ending three months before the date of exercise of his option. Under these circumstances, the Company will not be entitled to any deduction for federal income tax purposes in connection with the issuance of Common Shares upon the exercise of options granted under the Plan.

Each option permits the employee to whom it is granted to buy the Company's Common Shares for cash at the fair market value of the Common Shares at the time the option is granted, subject to the other provisions of the Plan. The fair market value of the Common Shares is determined by reference to prices on the New York Stock Exchange at the time the option is granted. The Company intends to use the cash it may receive from the sale of Common Shares subject to options for general corporate purposes.

No option may be exercised by an employee after he has reached 65, nor after five years from the date on which it is granted. An employee receiving an option can exercise it only if he remains in the employ of the Company or a subsidiary for 18 months after the date on which the option is granted. At any time after such 18-month period, while he is still in the employ of the Company or a subsidiary, he may purchase 25 per cent of the Common Shares subject to the option. The number of Common Shares which the employee may purchase while still an employee of the Company or a subsidiary increases by 25 per cent of the total Common Shares originally subject to the option for each additional 12 months of continuous employment with the Company or a subsidiary. Thus, at any time after the end of 54 months of such continuous employment from the date on which the option is granted, the employee, while he remains an employee, may purchase all of the Common Shares subject to the option which he has not previously purchased. The Committee may adjust these periods and percentages so that an employee who will reach 65 less than 54 months after the date on which an option is granted to him may exercise his option in full before he reaches 65.

An employee may not exercise his option after his employment terminates for any reason other than physical or mental disability. An employee who ceases to be an employee because of physical or mental disability may exercise his option at any time during a period of three months after he has ceased to be an employee, provided he exercises the option before he reaches 65 and within five years from the date on which it was granted.

If an employee or former employee dies at a time when he could have purchased Common Shares under an option, the Common Shares may be purchased within one year after his death by his estate or by a person or persons acquiring the right to purchase them at his death under his will or by inheritance.

Every option granted under the Plan must, by its terms, provide that it may be exercised (such an option being hereafter referred to in this paragraph as the new option) while there is outstanding another qualified stock option or a restricted stock option (a) granted before the granting of the new option, (b) to the individual to whom the new option was granted (c) to purchase shares in the Company, or in a corporation which is a parent or subsidiary corporation of the Company, unless (d) all the other outstanding qualified stock options and restricted stock options to which (a), (b) and (c) all apply are to purchase shares of the Company of the same class as the shares of the Company subject to the new option, and (e) the new option by its terms is not exercisable while there is outstanding any qualified stock option or restricted stock option which was granted, before the granting of the new option, to such individual to purchase shares in the Company at a price higher than the option price of the new option, in which case the new option may be exercised according to its terms.

No option is transferable except by will or the laws of descent and distribution.

No option may be granted under the Plan after May 1, 1976. Options granted before that date shall remain valid thereafter in accordance with their terms. The Board of Directors of the Company may alter, amend or terminate the Plan, except that shareholder approval is required for any amendment of the Plan which changes the number of Common Shares subject to options, changes the method of determining the option price, extends the date after which options shall not be granted, extends the time during which an option shall be exercisable, or changes the provisions with respect to employees eligible to be granted an option. Notwithstanding the foregoing, the Committee may increase the number of Common Shares subject to option and change the method of determining the option price without shareholder approval in order to compensate equitably for change in the number or class of the Company's Common Shares under certain circumstances, such as reorganizations, recapitalizations, stock splits, stock dividends, and similar changes. In no case shall the option price in any option be less than the fair market value of the Common Shares subject to the option at the time the option is granted.

Other Stock Option Plans

In addition to options for its Common Shares outstanding under the Eaton Yale & Towne Inc. Qualified Stock Option Plan, adopted in 1966, the Company has options for its Common Shares outstanding under the Eaton Manufacturing Company Restricted Stock Option Plan adopted in 1958, the Eaton 1963 Y-T Restricted Stock Option Plan, and the EYT-Fawick Qualified Stock Option Plan adopted in 1968.

The options granted under the Eaton Manufacturing Company Restricted Stock Option Plan are "restricted stock options" as defined in the Internal Revenue Code. The right to grant options under this Plan came to an end on April 1, 1963.

The Eaton 1963 Y-T Restricted Stock Option Plan became effective on October 31, 1963, when the Company's newly created subsidiary, Yale & Towne, Inc., acquired substantially all the assets of The Yale and Towne Manufacturing Company. Under this Plan, the Company assumed the restricted stock options previously granted by The Yale and Towne Manufacturing Company under The Yale & Towne Officers and Employees 1957 Stock Option Plan which were outstanding when Yale & Towne transferred all its assets to the Company's newly created subsidiary on October 31, 1963. The effect of the assumption was that the options became options for Common Shares of the Company instead of for capital shares of The Yale and Towne Manufacturing Company.

The EYT-Fawick Qualified Stock Option Plan became effective on March 31, 1968, when Fawick was merged into the Company. Under this Plan, the Company assumed the stock options previously granted by Fawick Corporation under the Fawick Corporation 1964 Qualified Stock Option Plan which were outstanding on the effective date of the merger. The effect of the assumption was that the options for Common Stock of Fawick Corporation became options for Common Shares of the Company, in the same ratio as provided in the Agreement of Merger between the Companies.

On December 4, 1969, the Board of Directors of the Company adopted and approved the Eaton Yale & Towne Inc. 1970 Qualified Stock Option Plan, including the 1970 Supplemental Stock Option Plan, and the Shareholders approved the Plans on April 15, 1970. The maximum number of Common Shares with a par value of 50¢ each to be subject to options under the Plans may not exceed 600,000. As of June 30, 1970, no options had been granted under the Plans.

13. LISTING ON OTHER STOCK EXCHANGES

18,819,118 Common Shares of the Company are listed on the New York Stock Exchange, the Midwest Stock Exchange, the Pacific Coast Stock Exchange, and the Detroit Stock Exchange.

577,670 4¾ % Cumulative Convertible Preferred Shares of the Company are listed on the New York Stock Exchange.

The Company's 774,198 outstanding \$2.30 Serial Preferred Shares are not listed on any exchange.

14. STATUS UNDER SECURITIES ACTS

The Company has never made any filings with or obtained registration, approval or qualification relative to its securities with or by the Ontario Securities Commission or any corresponding government body or authority in Canada. Pursuant to the Securities Exchange Act of 1934 the Company has filed Form 10-K Annual Report each year with the Securities and Exchange Commission, Washington, D.C. The Company has also registered with that commission under the Securities Act of 1933, 1,364,793 of its common shares* being offered or to be offered from time to time to certain employees under the terms of the Company's 1958, 1963, 1966, and 1968 stock option plans.

* Adjusted to reflect 2-for-1 split of Common Shares in 1959 and 1966 respectively.

15. FISCAL YEAR

The fiscal year of the Company ends on December 31st of each year.

16. ANNUAL MEETING

The Amended Regulations of the Company provide that the annual meeting of the shareholders of the Company shall be held at a place designated by the Board of Directors at 11:00 o'clock a.m., E.S.T., on the third Wednesday in April in each and every year. The 1970 annual meeting was held at the Sheraton Cleveland Hotel, Cleveland, Ohio, on April 15, 1970.

17. REGISTERED OFFICE

The Company's registered office is located at 100 Erieview Plaza, Cleveland, Ohio 44114.

18. TRANSFER AGENTS

The transfer agent of the Company's Common Shares in Canada is National Trust Company, Limited, 21 King Street East, Toronto, Ontario. The Company's Common Share certificates are mutually interchangeable at the principal office in Toronto of the said National Trust Company, Limited, and at either of the United States transfer offices, which are: The Cleveland Trust Company (principal transfer agent), 915 Euclid Avenue, Cleveland, Ohio 44115; and Bankers Trust Company, 16 Wall Street, New York, New York 10005.

19.

TRANSFER FEE

No fee is charged on the transfer of the Common Shares of the Company other than government stock transfer taxes.

20.

REGISTRARS

The registrars of the Company's Common Shares are The Royal Trust Company, Royal Trust Tower, Toronto Dominion Centre, Toronto, Ontario, Canada; Central National Bank of Cleveland, East Ninth Street at Superior Avenue, Cleveland, Ohio 44114; and Manufacturers Hanover Trust Company, Four New York Plaza, New York, New York 10015.

21.

AUDITORS

The auditors of the Company are Messrs. Ernst & Ernst, Certified Public Accountants, 1300 Union Commerce Building, Cleveland, Ohio 44115.

22.

DIRECTORS AND OFFICERS

The following are the directors and officers of the Company and their principal occupations for the last five years.

DIRECTORS

<u>Name and Home Address</u>	<u>Principal Occupation</u>
DANIEL DEWEY River Road Essex, Connecticut 06426	Retired (former Vice President of the Company)
E. MANDELL DE WINDT 25299 Cedar Road Lyndhurst, Ohio 44124	Chairman of the Board of the Company since September, 1969; President of the Company from May, 1967, to September, 1969; and prior thereto Vice President—International of the Company
ARTHUR DOLE III 1148 Oakley Avenue Winnetka, Illinois 60093	President, Hooker Glass & Paint Manufacturing Company
FREDERICK R. ECKLEY 2825 Lander Road Pepper Pike, Ohio 44124	President, Ohio Bell Telephone Company, since April, 1966, and prior thereto Executive Vice President, American Telephone & Telegraph Company
RAYMOND F. EVANS Little Mountain Road Mentor, Ohio 44060	Chairman of the Board, Diamond Shamrock Corp. (formerly Diamond Alkali Company)
FRANK I. GOODRICH 65 Hunting Trail Moreland Hills, Ohio 44022	Executive Vice President—Corporate Services of the Company from May, 1967, to January, 1970; Vice President—Administrative of the Company from January, 1966, to May, 1967; and prior thereto Vice President—Automotive Parts and Accessories of the Company
HERBERT S. IDE, JR. 2268 Woodmere Drive Cleveland Heights, Ohio 44106	Vice President—Finance of the Company since July, 1968, and prior thereto Vice President—Administrative, and Treasurer of the Company
VERNON B. KING 165 Wellington Street South Woodstock, Ontario, Canada	President, Truck Engineering Limited
ELLIOT L. LUDVIGSEN 298 Corning Drive Bratenahl, Ohio 44108	Chairman of the Executive Committee of the Company since May, 1969; Chairman of the Board of the Company from May, 1967, to September, 1969; and prior thereto President of the Company
WALTER A. MARTING Cedar and Woodstock Roads Gates Mills, Ohio 44040	President, Hanna Mining Company
WILLIAM A. MATTIE Apartment 502, 2560 North Moreland Boulevard Shaker Heights, Ohio 44120	President of the Company since September, 1969; Group Vice President—Truck and Off-Highway Components, of the Company from May, 1969, to September, 1969; and prior thereto Group Vice President—General Products of the Company

<u>Name and Home Address</u>	<u>Principal Occupation</u>
WILLIAM G. MEESE 2775 Pine Hill Drive Troy, Michigan 48084	President, Detroit Edison Company, since April, 1970; Executive Vice President for Production, of that company from September, 1967, to April, 1970; Assistant Vice President—Construction and Engineering, of that company from January, 1967, to September, 1967; Manager of Engineering of that company from May, 1966, to January, 1967; and prior thereto General Superintendent—Electrical System Department of that company
C. SHERWOOD MUNSON, JR. 945 Sasco Hill Road Southport, Connecticut 06490	President, American European Securities Company
ELLERY SEDGWICK, JR. Woodstock Road Gates Mills, Ohio 44040	Chairman of the Board, Medusa Portland Cement Company, since September, 1965, and prior thereto President of that company
WILLIAM H. WILSON 17911 Dorchester Drive Cleveland, Ohio 44119	President, Addressograph Multigraph Corporation, since 1966, and prior thereto Vice President—Corporate Distribution of that company

OFFICERS

MELVIN C. ARNOLD 22500 Shelbourne Road Shaker Heights, Ohio 44122	Vice President and General Counsel of the Company since May, 1967, and prior thereto Secretary and Associate Counsel
ROBERT G. BROWN 5885 Wing Lake Road Birmingham, Michigan 48008	Vice President—Engineering and Research, since May, 1970, and prior thereto General Manager—Research Center
MALCOLM DAISLEY 5429 Coronado Drive Mentor, Ohio 44060	Vice-President—Employee Relations, since May, 1970, and prior thereto Vice President—Industrial Relations
JOHN V. EAKIN 21010 Aberdeen Road Rocky River, Ohio 44116	Group Vice President — Power Transmission Systems and General Products, since May, 1969; Vice President —Power Transmission Systems, from April, 1968, to May, 1969; and prior thereto Executive Vice President, Fawick Corporation
W. ROSS EAMES 2868 Winthrop Road Shaker Heights, Ohio 44120	Group Vice President—Materials Handling Equipment, since May, 1968, and prior thereto Vice President—Engineering
ANDREW S. GILL, JR. 125 Aspenwood Drive Moreland Hills, Ohio 44022	Vice President — Manufacturing Services, since May, 1969, and prior thereto Director—Corporate Technical Center
JOHN J. GOODWILLIE 1587 West Baldwin Road Palatine, Illinois 60067	Vice President — Controls, Automotive and Controls Group, since May, 1969; Executive Vice President and Chief Operating Officer, Dole Valve Company from January, 1968, to May, 1969; Vice President and Assistant General Manager of that company from January, 1966, to January, 1968; and prior thereto Vice President and Director of Sales of that company
QUENTIN N. GROTH 14856 Hook Hollow Road Novelty, Ohio 44072	Vice-President, International—Truck and Off-Highway Components Group, since September, 1968; Director, Truck and Off-Highway Components Operations—International Group, from March, 1966, to September, 1968; and prior thereto, Director of Manufacturing—International Group
CHARLES E. JANES 8371 Ridgewood Lane Novelty, Ohio 44072	Vice President—Purchases, since January, 1970; Manager of Purchases—Components, from June, 1968, to January, 1970; Manager—Production Parts Purchases, from December, 1965, to June, 1968; and prior thereto, Manager—Machinery and Mill Supply Purchases
HOWARD R. JOHNSON 3309 West Shore Drive Orchard Lake, Michigan 48033	Group Vice President—Automotive and Controls, since May, 1969; Group Vice President—Automotive Products, from January, 1966, to May, 1969; and prior thereto Vice President — Marketing and Engineering, Automotive Products Group

<u>Name and Home Address</u>	<u>Principal Occupation</u>
J. ROBERT KILLPACK 22249 Parnell Road Shaker Heights, Ohio 44122	Vice President—Administrative, since January, 1970; Vice President—Corporate Planning, from November, 1969, to January, 1970; Director of Corporate Planning from July, 1968, to November, 1969; Vice President—Finance, Island Creek Coal Company, from April, 1966, to July, 1968; and prior thereto Treasurer, Ferro Corp.
PAUL A. MILLER 8455 Dalepoint Road Independence, Ohio 44131	Group Vice President—Truck and Off-Highway Components, since September, 1969; General Manager—Axle Division, from July, 1968, to September, 1969; and prior thereto General Manager—Reliance Division
ROBERT C. OCHS 3199 Somerset Road Shaker Heights, Ohio 44122	Vice President—Truck and Off-Highway Components Group
LEO J. PANTAS 22 Willowmere Circle Riverside, Connecticut 06878	Group Vice President—Locks and Hardware
BRUCE H. PAULY 143 Kenton Road Chagrin Falls, Ohio 44022	Vice President—Engineering, Power Transmission Systems and General Products Group, since November, 1969, and prior thereto Vice President—Research and Engineering, The Weatherhead Company
FRANK C. ROBERTS 45 Shawondassee Drive Timberlake, Ohio 44094	Vice President and Controller since July, 1968, and prior thereto Assistant Controller
HERBERT E. RUDY 1356 Forest Hills Boulevard Cleveland Heights, Ohio 44118	Vice President and Treasurer since July, 1968; Vice President and Assistant Treasurer from May, 1968, to July, 1968; and prior thereto Vice President—Marketing Services.
RICHARD T. SADLER 2726 S.O.M. Center Road Pepper Pike, Ohio 44124	Secretary and Associate Counsel since May, 1967; Assistant Secretary and Corporate Attorney from January, 1966, to May, 1967; and prior thereto Assistant Patent Counsel
LOUIS A. SELIN 19620 Riverside Drive Birmingham, Michigan 48009	Vice President—Automotive and Controls Group, since January, 1966, and prior thereto General Manager—Marshall Division
A. CLIFFORD THORNTON 18115 Clifton Road Lakewood, Ohio 44107	Vice President — Corporate and Public Affairs, since May, 1969, and prior thereto Vice President—Administrative Services
WELLINGTON H. WILLIAMS 18850 Timber Lane Fairview Park, Ohio 44126	Vice President — Corporate Planning, since January, 1970; Vice President—Purchases, from May, 1968, to January, 1970; Director of Purchases from March, 1968, to May, 1968; and prior thereto Assistant Director of Purchases
LEE O. WITZENBURG 2667 Cranlyn Road Shaker Heights, Ohio 44122	Vice President — Power Transmission Systems and General Products Group, since May, 1969; Director of Marketing—General Products Group, from June, 1965, to May, 1969; and prior thereto General Sales Manager—Cleveland Worm & Gear and Farval Divisions

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant Company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

EATON YALE & TOWNE INC.



By: "WM. A. MATTIE",
President

By: "R. T. SADLER",
Secretary

DISTRIBUTION OF COMMON STOCK AS OF JUNE 30, 1970

Number		Shares
6,872	..... Holders of 1 — 24 share lots	88,690
12,292	..... " " 25 — 99 " "	660,299
10,503	..... " " 100 — 199 " "	1,249,376
6,506	..... " " 200 — 299 " "	1,370,180
1,502	..... " " 300 — 399 " "	481,278
2,327	..... " " 400 — 499 " "	959,397
2,082	..... " " 500 — 999 " "	1,384,017
1,699	..... " " 1000 — up " "	11,047,025
<u>43,783</u>	Shareholders	<u>Total shares 17,240,262</u>

The above figures include 207,650 shares registered in the name of Eaton Yale & Towne Inc., held as Treasury Shares.

